

ASX ANNOUNCEMENT – 20 May 2014

NEW COPPER HITS CONFIRM EMERGING DISCOVERY AT LILLYMAY PROSPECT, BARBARA PROJECT

Mineralised zone now delineated over 350m strike length and to 125m depth: open in all directions

HIGHLIGHTS

- Significant high-grade copper encountered in follow-up 5-hole RC drill program at Lillymay satellite prospect, 4km SW of the Barbara copper-gold deposit. Best results include:
 - 6m @ 2.75% Cu from 83m (LMRC003)
 - 2m @ 1.70% Cu from 88m (LMRC004)
 - 2m @ 1.02% Cu from 43m (LMRC005)
 - 1m @ 1.90% Cu from 59m (LMRC007)
- New results confirm the continuity of high-grade copper mineralisation over a strike length of 350m and to a depth of 125m between previously reported intersections of:
 - 3m @ 7.41% Cu from 106m (LMRC001)
 - 5m @ 2.16% Cu from 99m (LMRC002)
- 6 of 7 RC drill holes at Lillymay have intersected significant copper mineralisation, with the 7th hole intersecting a historical stope where high-grade (+5% Cu) material was mined out.
- Lillymay is interpreted to comprise vein and shear zone hosted sheet(s) of steeply-plunging high-grade copper mineralisation similar to that exposed at surface and intersected in historical near-surface drilling.
- Mineralisation remains open in all directions and will be further tested by a new phase of in-fill and extensional drilling commencing in June 2014.

Syndicated Metals Limited (ASX: SMD – “Syndicated” or “the Company”) is pleased to advise that the **Lillymay Prospect**, part of its flagship **Barbara Copper-Gold Joint Venture Project** in north Queensland (Figure 1), is continuing to emerge as an important new satellite copper discovery with the potential to complement and enhance the Barbara development.

Assay results have been received from Reverse Circulation (RC) drilling completed recently at Lillymay to follow up the initial high-grade discovery intersections of **3m @ 7.41% Cu from 106m** (LMRC001) and **5m @ 2.16% Cu from 99m** (LMRC002) (see ASX Announcement – 24 April 2014).

The new drilling has been successful in in-filling and extending the mineralisation defined by these initial holes, confirming the presence of an emerging zone of vein and shear-zone hosted high-grade copper mineralisation **extending over a strike length of 350m and to a vertical depth of 125m below surface**.

The mineralisation, which occurs between and down-plunge of historical workings and extensive surface mineralisation at Lillymay West and Lillymay East (see Figure 2), has been further defined by the following new intersections:

- **6m @ 2.75% Cu from 83m (LMRC003)**
- **2m @ 1.70% Cu from 88m (LMRC004)**
- **2m @ 1.02% Cu from 43m (LMRC005)**
- **1m @ 1.90% Cu from 59m (LMRC007)**

With clearly understood geological controls, the emerging zone of mineralisation at Lillymay has been confirmed as a strategically important regional target which, subject to further drilling to confirm extension and continuity, could develop as an additional feed source of high-grade material for the Barbara Project.

The satellite exploration program has been conducted in parallel with the recently completed resource extension drilling program at the Barbara deposit itself (see ASX Announcements – 3 April, 7 May, 14 May 2014 and March Quarterly Report).

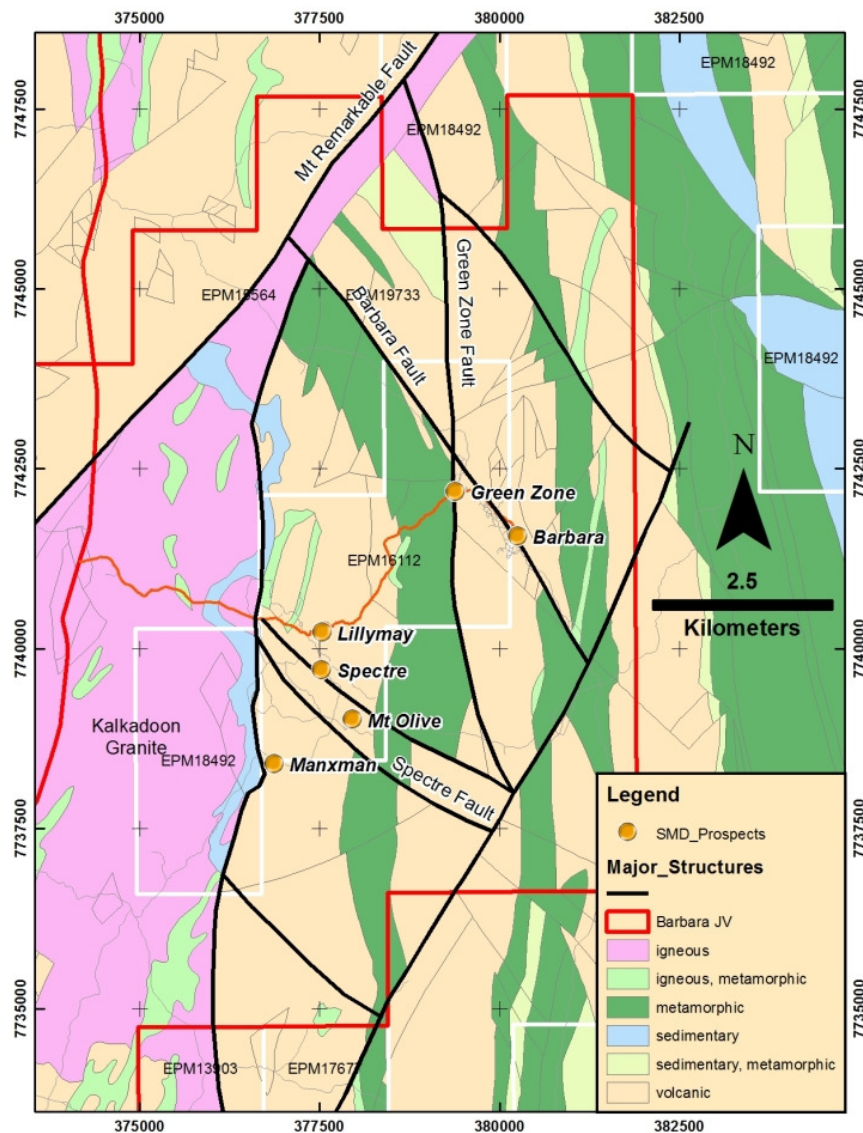


Figure 1 – Project Location Plan

Exploration Drilling and Results

A total of seven Reverse Circulation (RC) holes have been completed to date across the Lillymay prospect. Narrow, vein-style copper mineralisation was intersected in six of the seven holes with the final hole intersecting mined out underground workings in the expected mineralisation position.

The mineralisation has been encountered in the expected down-plunge position of the near-surface workings and historical shallow drilling. The locations of the new exploration drill-holes relative to the near-surface workings and historical drilling at Lillymay are shown in Figures 2, 3 and 4 attached.

The intersections at Lillymay are considered to be significant, as they confirm the continuation of high-grade mineralisation in expected positions down-plunge of historical workings and surface mineralisation.

The grade of the intersections and their occurrence within a well-defined zone where the geological controls are well understood means they represent an outstanding exploration target for the delineation of high-grade, narrow vein copper mineralisation.

This interpretation is further enhanced by the presence of strong EM conductors between the Lillymay West and Lillymay East workings which have been identified from down-hole EM surveys completed on the recent drill-holes (see Figure 2).

Follow-up RC drilling will commence in June to in-fill the currently defined 350m strike length, to identify zones of higher grade (+3% Cu) mineralisation, and to test for potential extensions both along strike and down-plunge. This will be undertaken in parallel with further deep drilling to extend the high-grade mineralisation intersected recently at the base of the Barbara open pit.

Management Comment

Syndicated's Managing Director Andrew Munckton said the discovery of an emerging zone of high-grade mineralisation at the Lillymay prospect, just 4km from the planned Barbara open pit, was an exciting development for the Barbara Joint Venture.

"These results clearly show the significant untapped exploration potential within the broader Barbara area and the opportunity to establish additional zones of high-grade mineralisation which could complement the known resources and deliver future high-grade feed to the main operation," Mr Munckton said.

"The objective of the recently completed follow-up drilling program was to demonstrate geological continuity between the surface workings at Lillymay and to test for mineralisation around the EM conductors highlighted by the downhole EM survey completed after the maiden drilling program in April.

"These results have provided certainty that the copper-rich veins and shear zones sampled at surface do persist to significant depths and that the mineralisation is likely to be a single sheet or vein which should present a relatively simple and inexpensive exploration and mining target."

"We are very encouraged by these results to date and we look forward to this next phase of work, which will comprise extensional and in-fill drilling over the strike length of the prospect, laying the foundations for a possible maiden Mineral Resource estimate for Lillymay," Mr Munckton added.

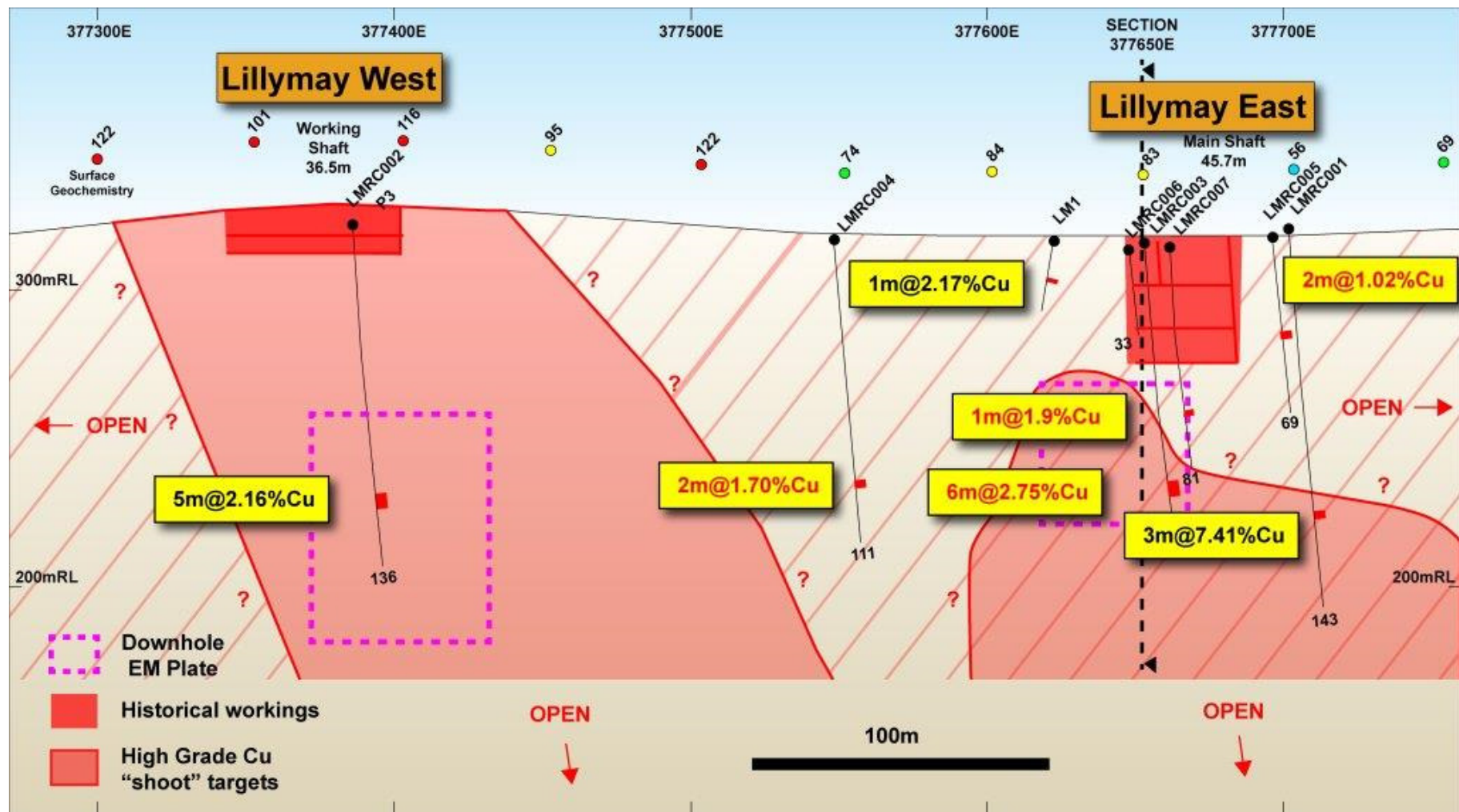


Figure 2 – Long Section showing recent RC drilling results

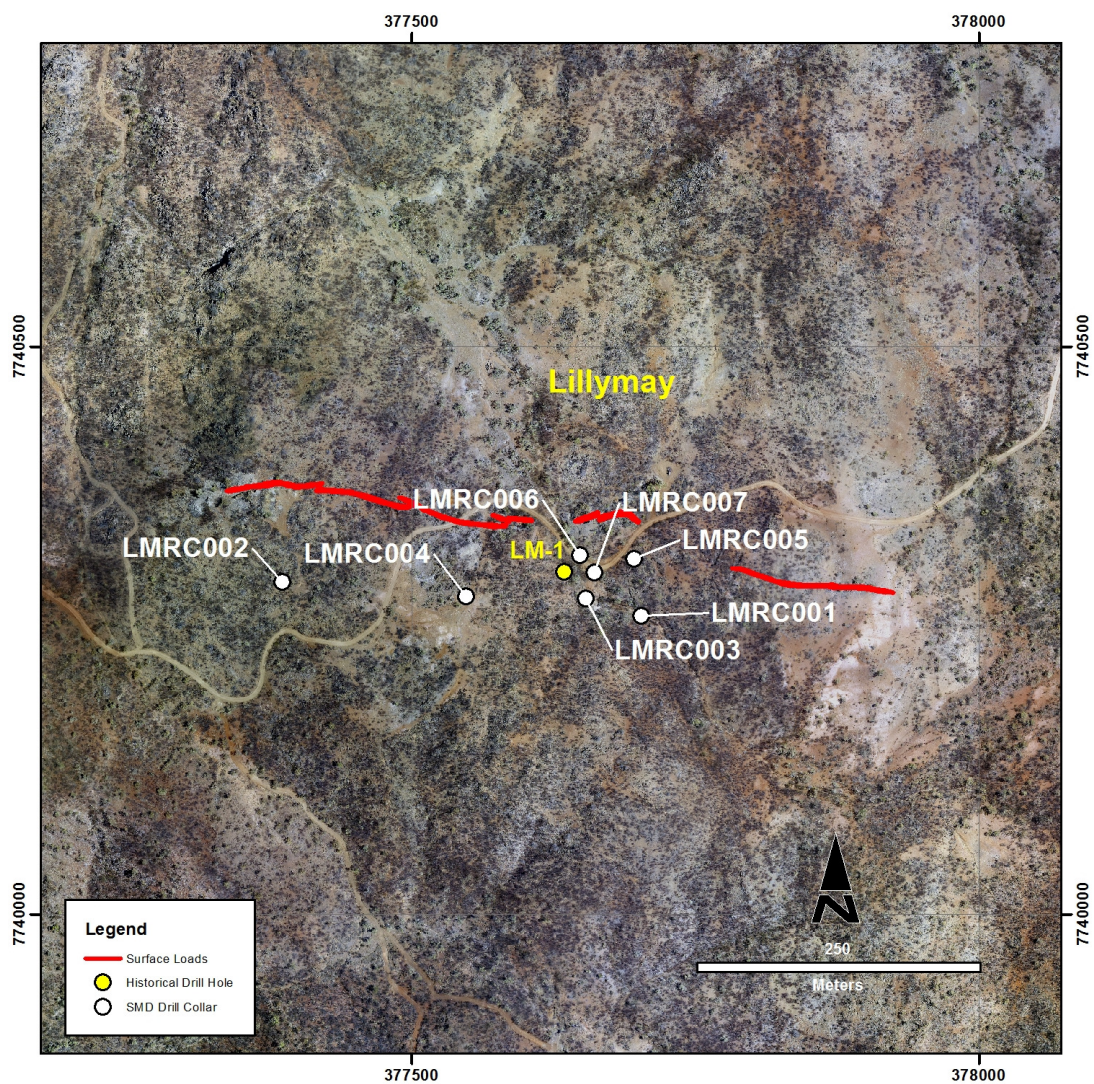


Figure 3 – Plans showing completed RC drilling, historical drilling and near- surface workings at the Lillymay prospect

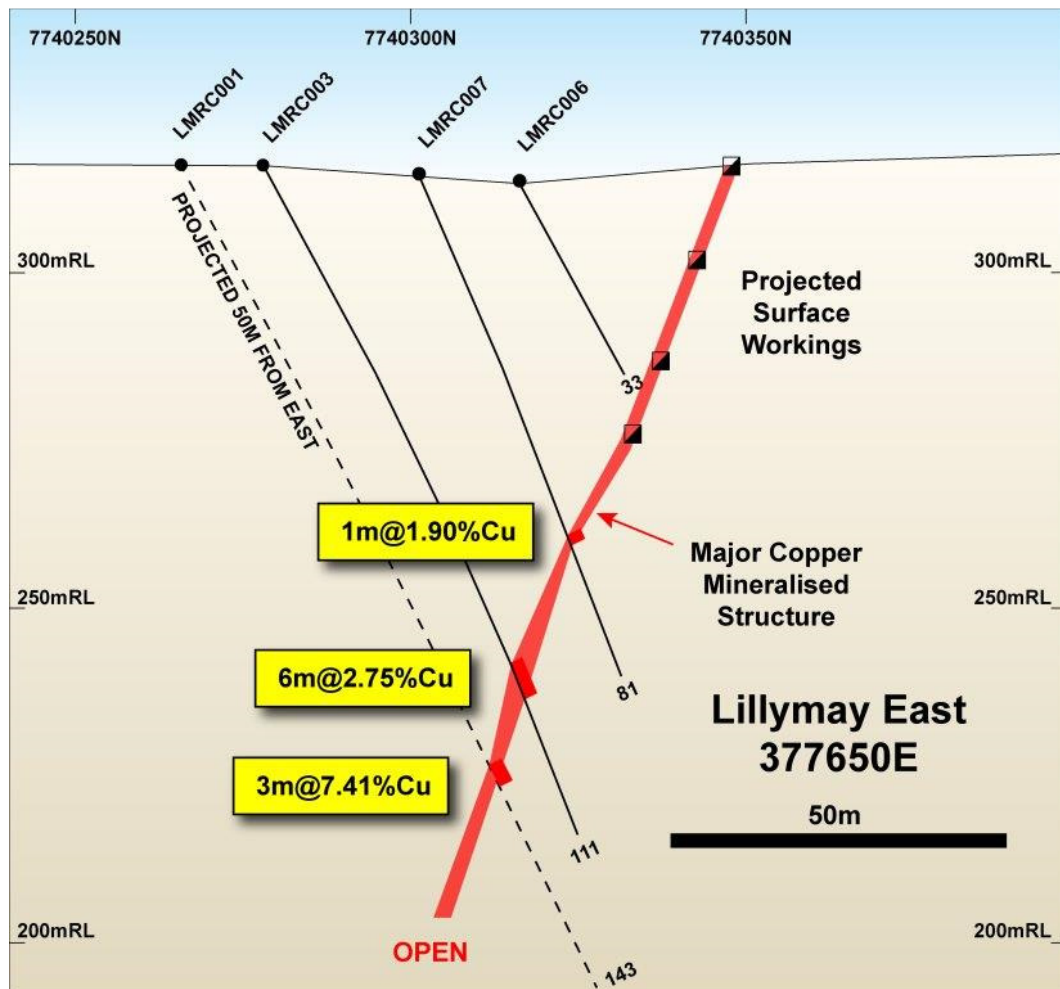


Figure 4 – Cross Section 377650E showing completed RC drilling and near-surface workings at the Lillymay prospect

Table 1: Drill-Hole Summary and Significant Intercepts

Hole ID	Northing (m)	Easting (m)	Depth (m)	Dip	Grid Azi	From (m)	To (m)	Interval (m)	Cu (%)	Au (ppm)	Ag (ppm)	Co (ppm)	S (%)
LMRC001	7740263	377702	143	-60	5.2	106	109	3	7.41	0.05	5.37	86	8.34
LMRC002	7740293	377386	136	-60	5.2	43	44	1	0.68	<0.01	<0.01	37	0.91
			and			99	104	5	2.16	0.03	0.34	49	2.82
LMRC003	7740278	377653	111	-60	6.2	83	89	6	2.75	0.11	1.13	41	3.24
LMRC004	7740280	377548	111	-60	6.2	88	92	2	1.70	0.02	0.65	60	2.34
LMRC005	7740313	377696	69	-60	6.2	43	45	2	1.02	0.01	1.25	30	1.54
LMRC006	7740316	377648	33	-60	6.2	Intersected Workings							
LMRC007	7740301	377661	81	-60	6.2	59	60	1	1.9	0.01	1.4	29	2.45

Note : The mineralised interval length of intercepts shown in the table are down-hole distances and are not corrected for angle of dip. A cut-off grade of 0.5% Cu was used for calculating mineralised intervals. Downhole widths are reported. True width is approximately 80-85% of Downhole width.

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 2012 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.

Exploration Targets

This report comments on and discusses Syndicated Metals Limited's exploration in terms of target size and type. The information relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and quality of material discussed as Exploration Targets is conceptual in nature since there has been insufficient work completed to define them as Mineral Resources or Ore Reserves. It is uncertain if further exploration work will result in the determination of a Mineral Resource or Ore Reserve.

ENDS

For further information:

Investors

Andrew Munckton – Syndicated Metals
Mobile: 0435 635 598

Media

Nicholas Read – Read Corporate
Mobile: 0419 929 046

Criteria	JORC Code explanation	
Sampling Techniques and Data		
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	7 Reverse Circulation (RC) drill holes completed by Syndicated Metals Limited (SMD). RC drillholes were sampled at 1m intervals using a rig mounted cyclone with an 87.5-12.5% riffle splitter to collect a 3.5kg to 4kg sample. Selected ore zone samples were selected based on Geology and Handheld XRF analysis and were sent to ALS laboratories in Mt Isa for multi-element analysis and Au analysis. Reject samples are bagged and will be retained on site for 12 months before discarding.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Sampling was carried out using Syndicated Metals Limited (SMD) sampling protocols and QAQC procedures.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	RC drilling was used to obtain a generally 1 metre representative sample. A multi element concentration reading of each interval was taken using a Niton Portable XRF. The samples submitted for assay were given a unique sample ID and shipped to ALS Laboratories, Mt Isa. Samples were dried, pulverised by an LM2 and Analysed for Cu, Co, S, Ca, Mg, Fe, V, As, Cd, Cr, Pb, Zn, Zr, K, Ti, Ag by four acid digest with an ICP finish. Gold was analysed using fire assay.
Drilling techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	RC Drilling has been undertaken using a face sampling percussion hammer with 5 ¼" to 5 ½" bits.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	RC drilling recoveries were monitored visually by means approximating bag weight to theoretical weight followed by checking sample loss through outside return and sampling equipment.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	RC holes were collared with a well-fitting stuffing box to ensure material to outside return was minimized. Drilling was undertaken using auxiliary compressors and boosters to keep the hole dry and lift the sample to the sampling equipment. Cyclone and sampling equipment was checked regularly and cleaned. Hole was flushed at end of each sample and end of each rod. Bit was pulled back after every metre to reduce contamination through the ore zone.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Recovery was visually checked and sample loss of the fine or coarse fraction was minimised by following SMD drilling protocols and procedures.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Logging was completed by a Geologist using SMD logging procedures that were developed to accurately reflect the geology of the area and mineralisation styles.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging is qualitative and quantitative in nature and captured downhole depth, colour, lithology, texture, alteration, sulphide type, sulphide percentage and structure
	<i>The total length and percentage of the relevant intersections logged.</i>	All drillholes are logged in full.

Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	None undertaken in this programme.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	The RC samples were split (87.5%-12.5%) by the multi-tiered riffle splitter within the cyclone of the drilling rig. Majority of the samples were recorded as dry and minimal wet samples were encountered. Sample duplicates were obtained by splitting the reject sample in the field using the multi-tier riffle splitter.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The samples were sent to an accredited laboratory for sample preparation and analysis. ALS Laboratory follows industry best standards in sample preparation including: optimal drying of the sample (temperature and time for base metal sample), crushing and pulverization of the entire sample in a LM2 to a grind size of 85% passing at 75 microns.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Quality Control (QC) procedures involved the use of certified reference material - Base metals standards prepared by Ore Research and Exploration Pty Ltd, along with blanks and field sample duplicates.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Field sample duplicates were taken twice in every 100 samples.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are believed to be appropriate to correctly represent the style, thickness of copper and gold mineralisation in the Mt Isa Inlier.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The use of Four Acid digest and Fire assay are classified as total assays.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation, etc.</i>	No geophysical tools were used to determine any element concentrations used in the resource estimate. A handheld XRF instrument was used to determine if samples are to be submitted for chemical analysis (assay).
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	Syndicated Metals inserted certified standards and duplicates into the sample sequence. Field duplicates and standard control samples have been used at a frequency of 2 field duplicates and 6 standards per 100 samples. ALS Laboratories QAQC included insertion of certified standards, blanks, check replicates and fineness checks to ensure grind size of 85% passing 75 micron as part of their own internal procedures.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	None undertaken in this programme.
	<i>The use of twinned holes.</i>	None undertaken in this programme.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Geological and sampling information was collected using an electronic logging system.
	<i>Discuss any adjustment to assay data.</i>	No adjustments were undertaken.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Initial collar locations were determined by handheld GPS device and will be surveyed using RTK-60 GPS by licensed surveyors before resource estimates are completed.
	<i>Specification of the grid system used.</i>	GDA94 MGA Zone 54 datum North.
	<i>Quality and adequacy of topographic control.</i>	Drillholes are surveyed by licensed surveyors at the conclusion of the program. Prior to the hole being surveyed the hole is picked up using handheld GPS.

Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Drill spacing in this program is approximately 160 metres by 40 metres.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Data spacing is not sufficient to establish geological and grade continuity appropriate to estimating Mineral Resources.
	<i>Whether sample compositing has been applied.</i>	All samples were collected at 1m sample intervals.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The predominant drill orientation of the drilling is –60 to local grid east. At this orientation the intercepts are considered to be approximately 80 to 85% of true widths. From the sampling to date no bias has been identified due to the orientation.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No bias is currently known.
Sample security	<i>The measures taken to ensure sample security.</i>	Samples were stored on site and transported to ALS Laboratories in Mt Isa for preparation and multi-element and fire assay analyses. The samples were labeled from the point of collection and retained this unique number throughout the analytical process.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been undertaken at this point.

Criteria	JORC Code explanation	
Exploration Results		
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	The Lillymay prospect is located within EPM16112. The current registered holder for EPM16112 is Syndicated Metals Limited (SMD). This tenement is currently in the process of being transferred to the Barbara JV owned 50% by CopperChem Limited and 50% by Syndicated Metals. EPM16112 and EPM15564 and their respective MDL applications were recently subject to the Barbara Joint Venture Earn-in Agreement with CopperChem Limited (CopperChem) for the joint evaluation, development, mining and processing of the Barbara Resource. CopperChem have a 50% interest in MDL499, MDL500 and EPM16112 and a portion of EPM15564. The tenements sit within the Kalkadoon People #4 Native Title claim.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The tenements are in good standing and no known impediments exist.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Lillymay: has 1 RC hole drilled by other companies. No other drilling data is available for the prospect that are subject to this announcement. Murchison NL held the ground between 1995 and 2000. During their tenure they completed 1 shallow RC hole. The hole was sampled at 1-2m intervals in the mineralised zones and at 5m outside of mineralisation. Samples were sent to Amdel for Cu analysis.
Geology	Deposit type, geological setting and style of mineralisation.	The prospect is a shear hosted deposit within acid volcanics within the Kalkadoon-Leichhardt belt of the Mt Isa Inlier. The NW-SE and E-W striking lodes dips at approximately 60° to the south, and vary from 1m to 5m intersection thickness.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:	Refer to attached Table 1.
	Easting and northing of the drill hole collar	Refer to attached Table 1.
	Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar	Refer to attached Table 1.
	Dip and azimuth of the hole	Refer to attached Table 1.
	Down hole length and interception depth	Refer to attached Table 1.
	Hole length.	Refer to attached Table 1.
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	Refer to attached Table 1.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	Refer to attached Table 1.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	The high grades in the exploration results have not been cut. Weighted averaging has only occurred in drilling, where irregular sample intervals were taken. All composite intersections are length weighted average grades. High grade massive sulphide intervals internal to broader zones of sulphide mineralisation are reported as included intervals

	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent values are used for reporting exploration results.
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	No metal equivalent values are used for reporting exploration results.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	Drilling was undertaken at an azimuth of 0 degrees to North. The orientation of the target area/ore zone has a strike of approximately 270 degrees and dips -70 to the south. The intersection angles for the majority of drilling were at an angle 75 to 90 degrees to the mineralised zones. Therefore reported downhole intersections for -60 to -75 degree holes are approximately 80-85% of true width. However, drillholes completed with dips from -75 to -90 overstate the thickness of the target/ore zone. The degree of over statement, depends on the orientation of the hole.
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	Refer to attached Table 1. See above.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Refer to Figures 1, 2, 3 and 4.
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All results are reported.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	Surface geochemical assays (in Cu ppm) are illustrated in Figure 2. These surface geochemical assays are the closest sample to the projected position of the outcrop of the shear zone hosted copper mineralisation. They are considered indicative only of the areas of interest for further exploration.
Further work	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	None provided in this programme.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Refer to Figure 2.