

ASX ANNOUNCEMENT – 27 June 2014

BARBARA: MAJOR NEW DRILLING PROGRAM COMMENCES

NEW MULTI-PRONGED EXPLORATION CAMPAIGN TARGETS BARBARA UNDERGROUND AND ESTABLISHMENT OF MAIDEN MINERAL RESOURCES AT REGIONAL PROSPECT

HIGHLIGHTS

- Major new programs of RC and diamond drilling have commenced at the Barbara Underground Target to define the extent of high-grade copper mineralisation below the Barbara Open Pits.
- Drilling will aim to confirm and extend a number of recent thick copper-gold intersections below the existing open pits, such as 31.2m @ 3.38% Cu, 25.9m @ 4.24% Cu and 29.0m @ 3.24% Cu in the Southern Shoot.
- RC drilling will also be undertaken to follow up previous exciting drill results at the Lillymay regional exploration prospect, located 4km south-west of the Barbara copper-gold deposit.
- This next key phase of drilling will target extensions to the current Mineral Resource inventory at Barbara at depth, as well as the establishment of maiden Mineral Resources at Lillymay as a potential supplementary feed source to Barbara.
- If the new phase of drilling is successful, it may optimise the design of the Barbara open pit component of the current Barbara Feasibility Study but is not expected to delay the development timeline for the project.

Syndicated Metals Limited (ASX: SMD – “Syndicated” or “the Company”) is pleased to advise that a major new phase of drilling has commenced this week at its flagship **Barbara Copper-Gold Joint Venture Project** in North Queensland (Figure 1). The new drilling program has two key objectives:

- To extend the Mineral Resource inventory immediately below the main Barbara Open Pit deposit, which is being developed as part of Syndicated’s 50/50 joint venture with CopperChem Limited. The focus of this drilling will be to confirm and extend a number of recent thick, high-grade intersections in this position, laying the foundations for a **future underground mining operation**;
- To establish a maiden Mineral Resource at the **Lillymay prospect**, located 4km south-west of Barbara, where recent drilling identified the potential for regional satellite deposits.

Syndicated has established Exploration Targets at both of these projects, providing investors with a benchmark by which to measure the Company's progress over the coming months.

The Lillmay prospect which has been worked up over the past year, represents an attractive opportunity for the definition of additional copper-gold deposits outside of the main Barbara Open Pit deposit.

Resource development drilling at the Barbara Open Pit deposit designed to extend and in-fill the Barbara Mineral Resource (**Indicated Mineral Resource of 3.8Mt at 1.6% Cu and 0.2ppm Au and Inferred Mineral Resource of 1.6Mt at 1.1% Cu and 0.1ppm Au**) was completed in April 2014 as part of the work required to complete the Feasibility Study, which is being funded by CopperChem Limited as part of its JV requirements.

Exploration work on the Barbara JV tenure outside the Barbara Open Pit Feasibility Study is being funded on a 50/50 basis.

An updated Barbara Mineral Resource including the results of the resource extension and in-fill drilling completed earlier this year, is scheduled to be completed shortly.

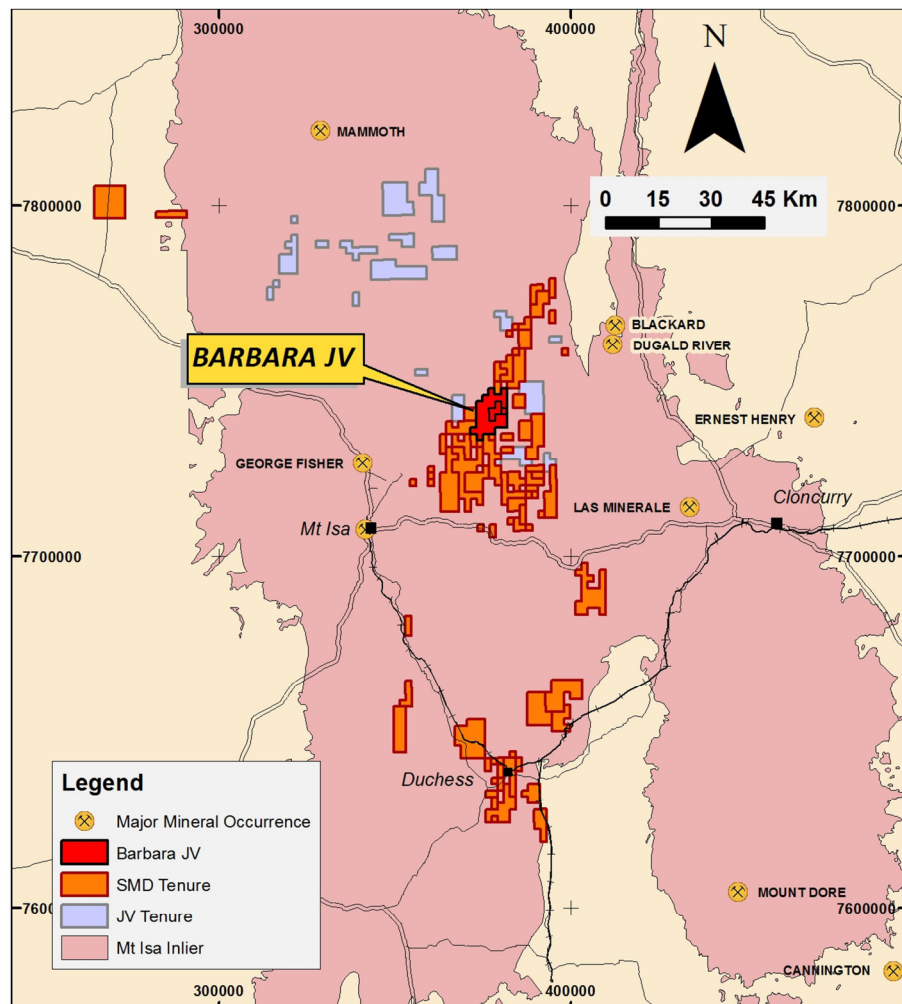


Figure 1 – Project Location Plan

Barbara Underground Program and Exploration Target

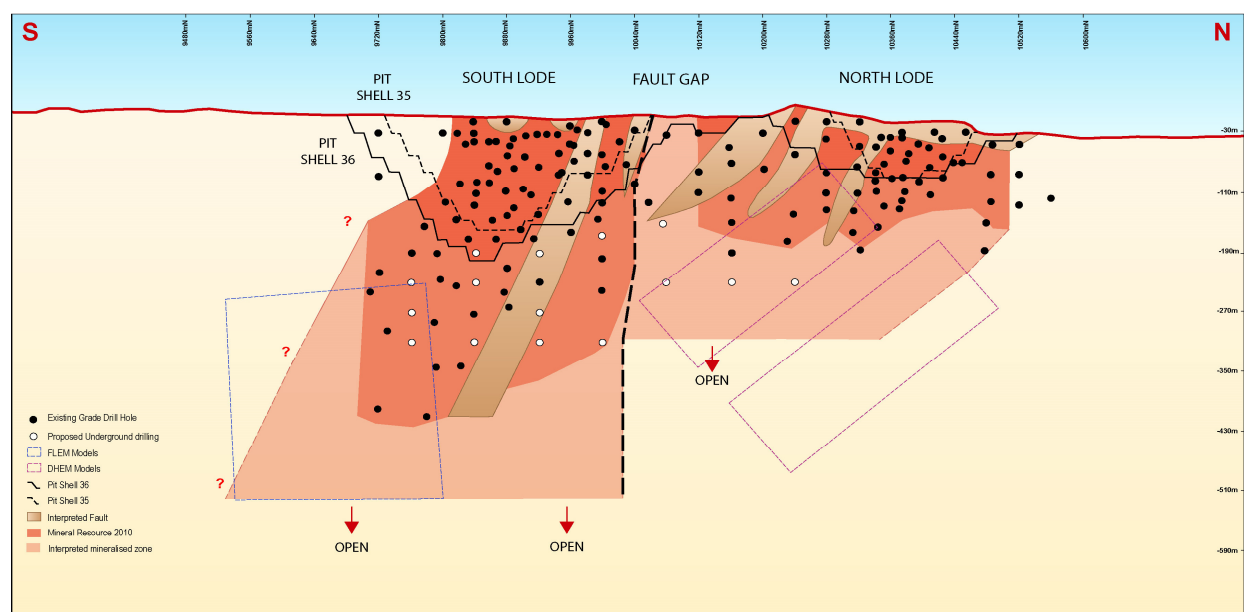
Exploration drilling is commencing at the **Barbara Underground Target** this week. The upcoming program will consist of:

- A two stage drilling program comprising:
 - o Stage A - 6 diamond holes with RC pre-collars targeting high-grade “North Lode-style” mineralisation down-plunge of the North Pit and Fault Gap area, outside the Barbara Mineral Resource envelope (see Figure 2);
 - o Stage B - 9 diamond holes with RC pre-collars to infill within the Barbara Mineral Resource envelope principally underneath the Barbara “South Lode-style” mineralisation down-plunge of the Barbara South Pit (see Figure 2);
- Down-hole geophysical surveys to test for conductive bodies in proximity to the drill-holes at all locations.
- Drilling is expected to be completed within the September quarter.

The Company believes this area represents a potential extension to the high-grade mineralisation which was encountered in the Barbara drilling programs between January and April 2014. See ASX announcements 3 April, 7 May and 14 May 2014.

Syndicated has established an Exploration Target for the Barbara Underground of **2.5-4.0Mt @ 1.5-2.5% Cu**, based on the weighted average true width and grade of drill intersections (28 RC and 14 diamond holes) which currently exist below the Barbara Open Pits and extrapolation of mineralisation between 100 and 150 metres down plunge from the 2010 Mineral Resource outlines illustrated on Figure 2. The Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource in compliance with the JORC Code. It is uncertain if further exploration will result in the estimation of a Mineral Resource as defined by the JORC code.

The drilling below the base of the pits is designed to first extend the existing Barbara Mineral Resource below the North Pit and Fault Gap and then infill defined mineralisation below the South Pit.



Lillymay

Exploration drilling at the Lillymay prospect, located approximately 4km south-west of Barbara, will follow initial diamond drilling at Barbara Underground. The proposed drilling program will consist of:

- 10 holes of RC drilling completed in two stages targeting near-surface copper mineralisation between and along strike from the Lillymay West and Lillymay East discoveries made in early 2014. The proposed drill hole locations are shown in Figure 3 below. The Lillymay East style of mineralisation is illustrated in Figure 4, Appendix 1.
- Down-hole geophysical surveys to test for conductive bodies in proximity to the drill-holes at all locations.
- Drilling is expected to be completed within the September quarter.

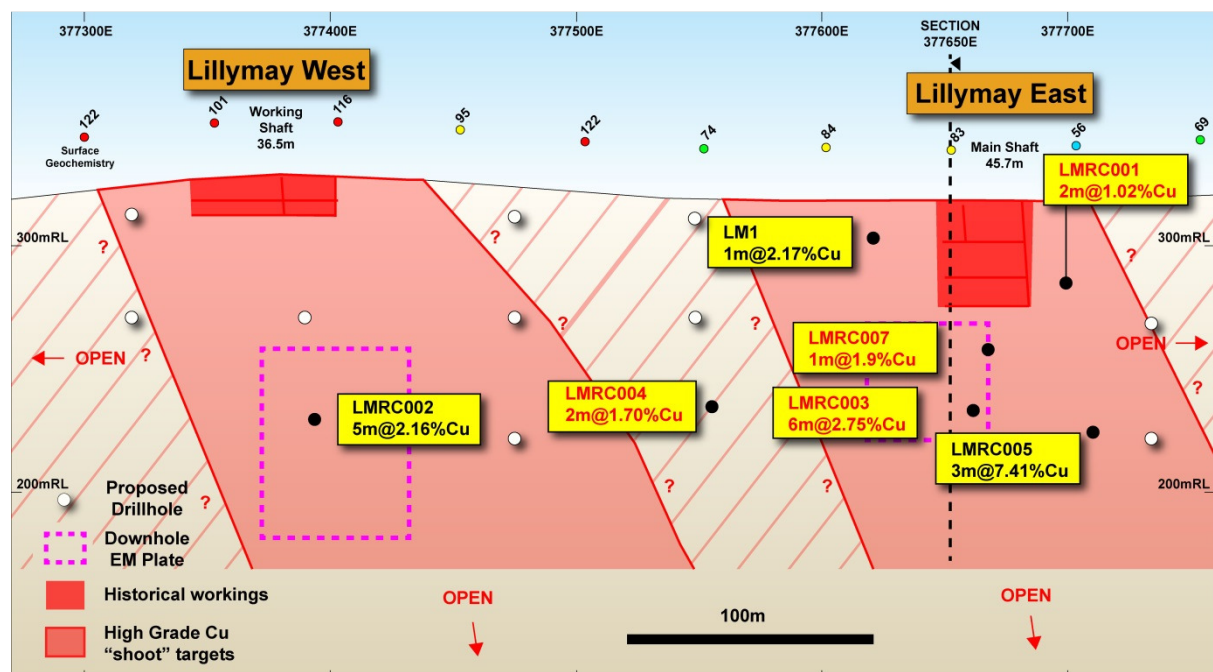


Figure 3 – Lillymay Prospect Long Section

The Company believes that the Lillymay prospect represents an attractive high grade, “vein style” target that has potential to supplement the proposed open pit mining at Barbara if a suitable Mineral Resource can be established at these locations. The area also represents a potential extension to the high-grade mineralisation which was encountered in the Lillymay drilling programs between February and April 2014. See ASX announcements 24 April and 20 May 2014.

The Exploration Target at Lillymay is **0.4-0.8 Mt @ 2.0-3.0% Cu** based on the average true width and grade of the 7 RC holes drilled to date extrapolated over 500m of strike to a depth of 125m below surface. The Exploration Target at Lillymay is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource in compliance with the JORC Code. It is uncertain if further exploration will result in the estimation of a Mineral Resource as defined by the JORC code.

Management Comment

Syndicated's Managing Director, Andrew Munckton, said the start of a major new drilling campaign at Barbara, coming hard on the heels of the recent, successful Barbara resource extension and in-fill and regional exploration programs, showed the Joint Venture's commitment to maximise the value of the Barbara Project as it moved towards development and production next year.

"This multi-pronged drilling program follows a highly successful campaign in the period from January to April, which has laid the foundations for a buoyant period for Syndicated in the lead-up to the completion of the Barbara Feasibility Study later this year.

"We have always believed that the Barbara Shear Zone contains a number of high grade shoots of mineralisation – such as Barbara South – which have significant depth potential and sufficient grade to make underground mining attractive.

"Now is the time for the Company to test this potential at a number of deeper locations before the completion of the Barbara Open Pit Feasibility Study."

"Success in the drilling may modify the approach the Barbara JV partners take to the optimisation of the Barbara Open Pit because a subsequent underground mining operation, if confirmed, will need to be incorporated into the planning of the open pit operation.

"The drilling program at Lillymay has dual purposes for the Company. Firstly, if successful it will in-fill and expand the extent of the high grade vein style mineralisation, adding to the overall resource inventory at the Barbara JV tenements."

"Secondly, and importantly for Syndicated, it will confirm the types of geophysical, structural and geochemical signatures that these types of high grade deposits produce which can be applied to a host of similar prospects within the Kalkadoon-Leichhardt Belt further afield from Barbara.

"This work to characterize the geological signatures will allow the Company to rank prospects for drilling within Syndicated's 100%-owned project areas within the coming year," Mr Munckton added.

ENDS

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Competent Person's Statement

The information in this report that relates to Exploration Targets, 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 Targets, 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.

Appendix 1

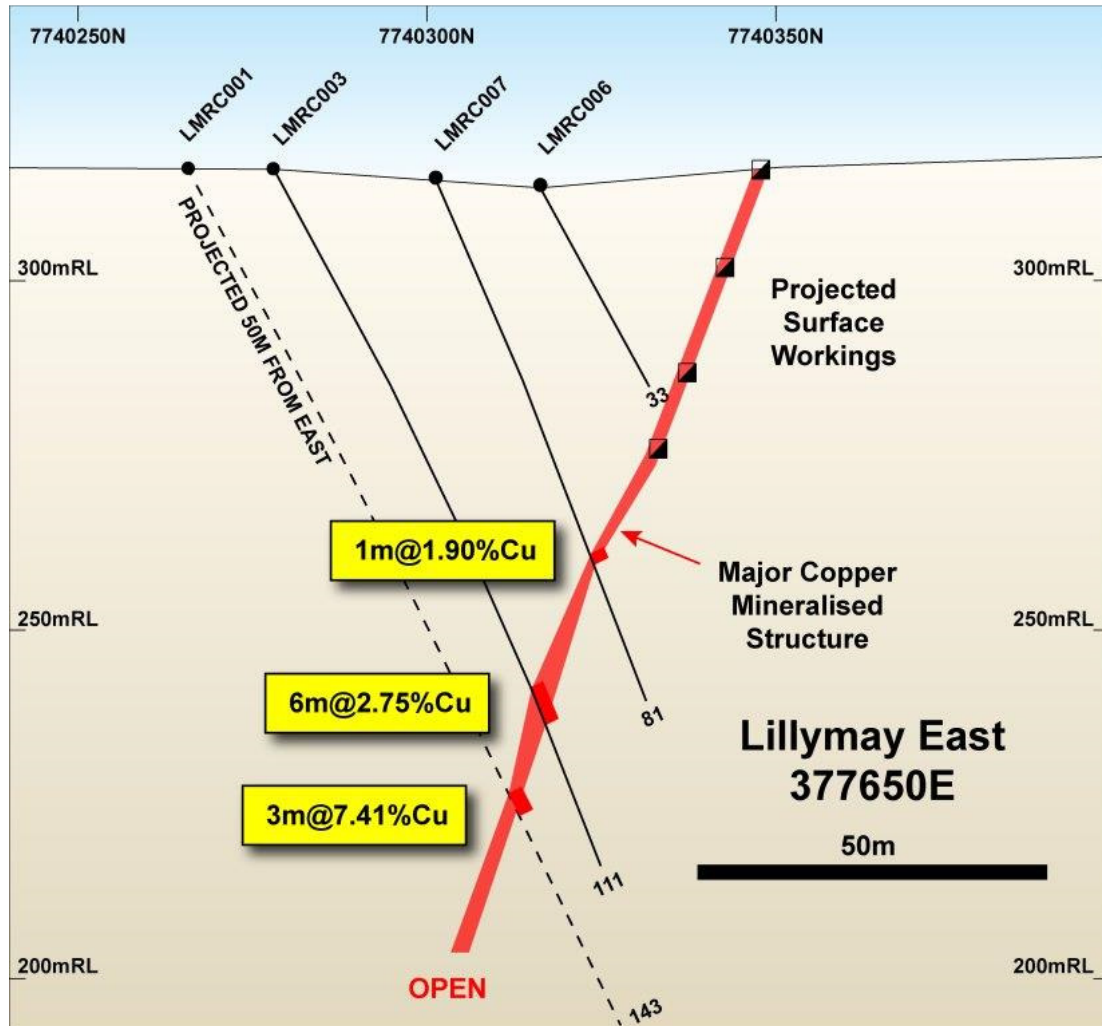


Figure 4 - Lillymay East Cross-Section