

ASX ANNOUNCEMENT – 22 September 2014

## SYNDICATED TO EXTEND RESOURCE DRILLING AT LILLYMAY FOLLOWING FURTHER STRONG COPPER HITS

*Recent drilling confirms extension to zone of copper mineralisation at satellite prospect*

### HIGHLIGHTS

- Additional RC drilling to commence shortly at the emerging Lillymay satellite copper prospect, located 4km from the Barbara Copper Project, targeting a maiden JORC Mineral Resource.
- New copper intersections from two Reverse Circulation (RC) drill holes confirm extensions to the zone of high-grade, copper mineralisation extending over a strike length of 400m and to a depth of 125m. Latest results include:
  - 2m @ 1.80% Cu from 91m (LMRC009)
  - 3m @ 1.69% Cu from 98m (LMRC010)
- Upcoming drilling will target up-dip, near-surface extensions of the mineralisation, which remains open in most directions. Previously reported results from Lillymay include:
  - 6m @ 2.75% Cu from 83m (LMRC003)
  - 5m @ 2.16% Cu from 99m (LMRC002)
  - 3m @ 7.41% Cu from 106m (LMRC001)
  - 2m @ 1.70% Cu from 88m (LMRC004)
- Lillymay is the most advanced regional satellite prospect at Barbara, offering the potential to contribute additional feed to the Barbara Copper development and extend the life of the operation.

Syndicated Metals Limited (ASX: SMD – “Syndicated” or “the Company”) is pleased to announce that its strategy to expand the resource inventory and extend the life of its **Barbara Copper Project** is gathering momentum with recent drilling confirming a significant zone of high-grade, near-surface copper mineralisation at the **Lillymay Prospect**, 4km south-west of Barbara.

In light of encouraging new results which demonstrate that the mineralisation remains open both up-dip in the near-surface environment and at depth, the Barbara Joint Venture has committed to a new phase of resource drilling, which will commence in the next few weeks. This new phase of drilling is aimed at establishing a maiden JORC compliant resource before the end of 2014.

Drilling will initially focus on testing the mineralisation up-dip with a view to establishing a Mineral Resource that would be amenable to low-cost open pit mining, providing a supplementary source of feed to the Barbara development.

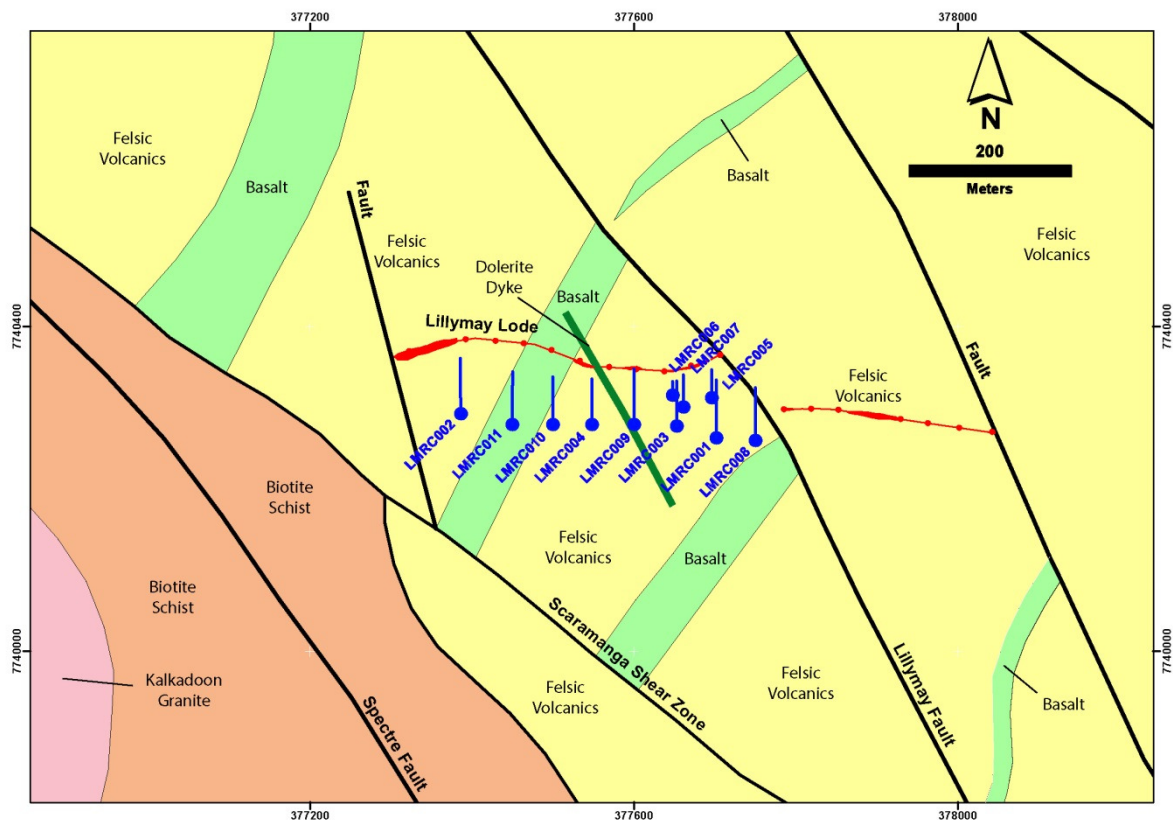
Recent in-fill Reverse Circulation (RC) drilling at Lillymay has confirmed the extension of the mineralised zone, returning a number of new high-grade copper intersections, including:

- **2m @ 1.80% Cu from 91m down-hole in LMRC009**
- **3m @ 1.69% Cu from 98m down-hole in LMRC010**

The drilling has encountered further intersections approximately 100m below surface, confirming the continuity and style of mineralisation drilled to date over approximately 400m of strike length.

The mineralisation remains open to surface, down-dip and along strike both east and west. Surface mineralisation to the east has been identified as the faulted offset of the Lillymay mineralisation approximately 100 metres south and 200 metres to the east of Lillymay. See Figure 1.

The mineralisation style is considered high-grade vein style and is illustrated in Figures 1 and 2. Drill-hole locations relative to the surface geology and the Lillymay vein surface expression, are illustrated in Figure 3.



**Figure 1 – Lillymay Prospect Geology**

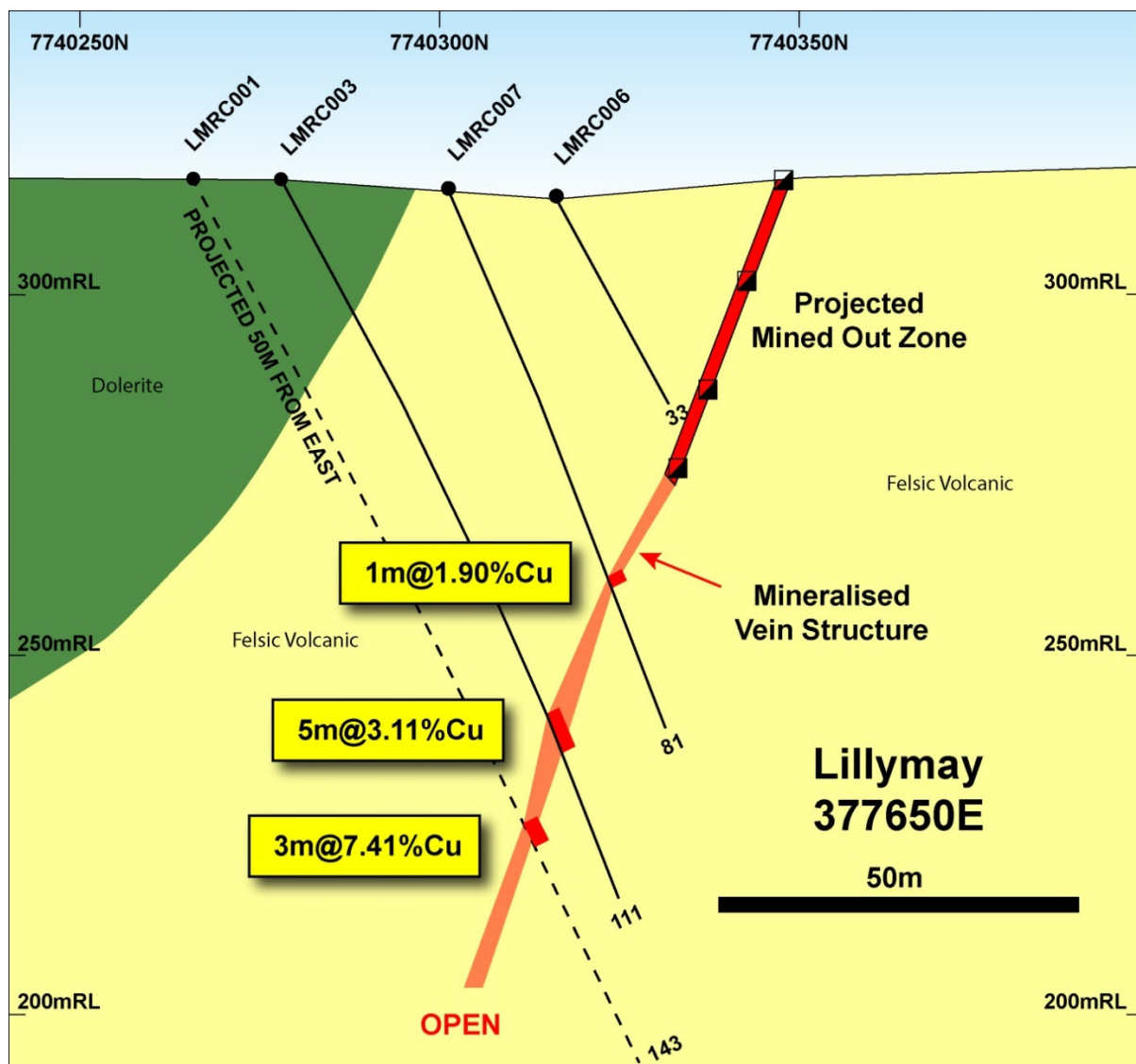


Figure 2 – Lillymay Cross Section

The results build on previously announced intersections at Lillymay, which include:

- 6m @ 2.75% Cu from 83m (LMRC003)
- 5m @ 2.16% Cu from 99m (LMRC002)
- 3m @ 7.41% Cu from 106m (LMRC001)
- 2m @ 1.70% Cu from 88m (LMRC004)

The results to date support the previously announced Exploration Target for Lillymay of **0.4-0.8 Mt @ 2.0-3.0% Cu** based on the average true width and grade of the 9 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.

Syndicated, which is developing Barbara in joint venture with CopperChem Limited, has a two-pronged strategy of advancing the deposit towards production as rapidly as possible while at the same time drilling to expand resources and mine life both at Barbara itself and nearby satellite exploration prospects such as Lillymay.

Lillymay, together with underground extensions of the Barbara deposit, offer the most advanced and immediate opportunities to grow the resource inventory and extend the mine life of the Barbara development.

### **Management Comment**

Syndicated's Managing Director, Andrew Munckton said Lillymay is shaping up as an attractive opportunity for the Joint Venture. Drilling has already defined a zone of high-grade copper mineralisation extending over 400m of strike and to a depth of 100m below surface. The deposit remains open in all directions.

"This style of deposit could be rapidly developed and mined as a low-cost open pit, providing an incremental source of feed to the Barbara Project. Given its location just 4km from the proposed Barbara open pit, we are confident that Lillymay will become a solid contributor to the overall Barbara Project development.

"We have therefore decided to undertake the next round of drilling, which will commence in the next few weeks. This will be designed to assess the mineralisation in the near surface environment and extend the drill coverage to the east and west where surface mapping has highlighted potential extensions to the mineralisation. This drilling will establish a maiden Mineral Resource estimate at Lillymay as a satellite deposit to Barbara.

"Diamond drilling is continuing at Barbara to test underground positions directly beneath the open pit, and we expect to see results from this work in the near future," he added.

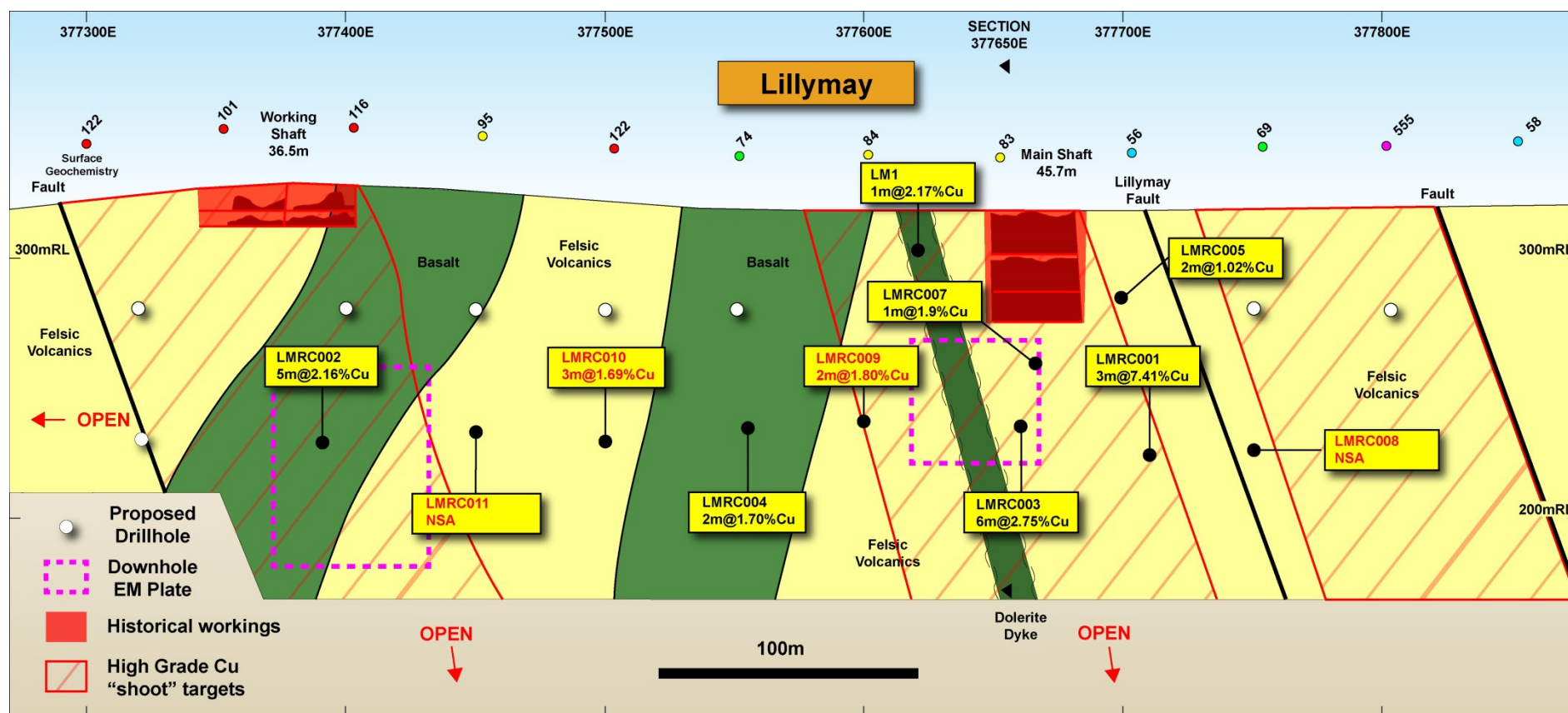


Figure 3 - Lillymay long-section illustrating the position and results of drill holes LMRC008 to LMRC011 and the faulted offsets to the mineralised structure identified at surface.

**Table 1: Drill-Hole Summary and Significant Intercepts**

Hole ID	Northing (m)	Easting (m)	Depth (m)	Dip	Azi	From (m)	To (m)	Interval (m)	Cu (%)	Au (ppm)	Ag (ppm)	Co (ppm)	S (%)
LMRC008	7740260	377750	129	-60	355	No Significant Assays							
LMRC009	7740280	377600	135	-60	355	91	93	2	1.80	0.01	0.33	15	2.86
LMRC010	7740280	377500	117	-60	355	98	101	3	1.69	0.02	1.95	150	5.32
LMRC011	7740280	377450	129	-60	355	No Significant Assays							

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.

**ENDS**

***For further information:***

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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.*

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>	4 Reverse Circulation (RC) drillholes 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 3.0kg to 4kg sample. Selected ore zone samples were selected based on Geology and Handheld XRF analysis and were sent to SGS laboratories in Townsville or ALS laboratories 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 1m in RC representative sample. A multi element concentration reading of each interval was taken using a Niton Portable XRF. From the XRF analysis samples were selected to be submitted for assay. The samples submitted for assay were given a unique sample ID and shipped to SGS Laboratories, Townsville or ALS laboratories Mt Isa or Townsville. 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.

<b>Sub-sampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Not Applicable
	<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. SGS and ALS Laboratories 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.
<b>Quality of assay data and laboratory tests</b>	<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 and SGS 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.
<b>Verification of sampling and assaying</b>	<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>	None undertaken in this programme.
<b>Location of data points</b>	<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. Specification of the grid system used.</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. 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. Hole collar RL differences of >0.5m between survey and the 2013 LIDAR topographical survey over the deposit were investigated and adjusted to the LIDAR data as required. Only minor adjustment was necessary.

<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i>	Drill spacing in this program is at approximately 100m x 50m at Lillymay.
	<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>	The drill spacing in this program is at 100m x 50m at Lillymay. The spacing is not considered sufficient to classify the area of drilling as a Mineral Resource.
	<i>Whether sample compositing has been applied.</i>	All samples were collected at 1m sample intervals. No compositing was necessary or completed.
<b>Orientation of data in relation to geological structure</b>	<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 approximately 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.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	Samples were stored on site and transported to SGS Laboratories in Townsville or 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.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been undertaken.

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 Barbara and Lillymay deposits are located within EPM16112 and EPM19733. The current registered holder for EPM16112 and EPM19733 is Syndicated Metals Limited (SMD). These tenements are currently in the process of being transferred to the CopperChem/Syndicated Metals JV. The area covered by the Barbara Resource is subject to Mining Lease application ML 90241 application submitted to DNRM on 7 May 2014. EPM16112, EPM19733 and ML90241 are subject to the Barbara Joint Venture Earn-in Agreement with CopperChem Limited for the joint evaluation, development, mining and processing of the Barbara Resource. CopperChem Limited have a 50% interest in EPM16112, a portion of EPM19733 and ML 90241. 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.	No work by other parties is reported as part of this announcement.
Geology	Deposit type, geological setting and style of mineralisation.	The Lillymay deposit is a shear hosted vein style deposit within acid volcanics and basalts within the Kalkadoon-Leichhardt belt of the Mt Isa Inlier.
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 diamond drilling, where irregular sample intervals were taken.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	High grade massive sulphide intervals internal to broader zones of sulphide mineralisation are reported as included intervals.
Relationship between mineralisation widths and intercept	These relationships are particularly important in the reporting of Exploration Results.	No metal equivalent values are used for reporting exploration results.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	Drilling at Lillymay was undertaken at an azimuth of 51 Degrees to NNE and a dip of -60, The orientation of the target area/ore zone has a strike of 310 degrees and dips -60 to the west. The intersection angles for the majority

<b>lengths</b>		of drilling were at an angle -75 to 90 degrees to the mineralised zones. Therefore reported downhole intersections for -60 degree holes are approximate to 85% of true width of the ore zone. The degree of this, 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.
<b>Diagrams</b>	<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 and 3.
<b>Balanced reporting</b>	<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.
<b>Other substantive exploration data</b>	<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>	Not Applicable.
<b>Further work</b>	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	Refer Figure 1.
	<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 Figure 1