

May 16th 2011

SYNDICATED AND CERRO IN AGREEMENT TO UNLOCK VALUE AND EXPEDITE DEVELOPMENT OF KALMAN PROJECT WITH JV RESTRUCTURE

Syndicated Metals Limited (ASX:SMD) (Syndicated) announces agreement and signing of a new Joint Venture and Farm-in Agreement with Cerro Resources NL (ASX:CJO/TSX-V:CJO) (Cerro) on the Kalman molybdenum-rhenium-copper-gold project located in the Mount Isa region of Northwest Queensland.

HIGHLIGHTS

- Syndicated to acquire controlling interest and management of the advanced Kalman project and its ongoing exploration and development potential;
- Syndicated can earn up to 80% interest in the Kalman project and surrounding tenement package in two stages by equity issue and exploration expenditure:
 - **Stage 1:** Syndicated can earn initial 60% by issuing \$2m shares to Cerro and by spending \$4m on exploration over 2 years;
 - **Stage 2:** Syndicated can earn up to 80% by issuing \$1m shares to Cerro and spending \$7m on exploration over 3.5 years;
- Cerro then free carried to a "decision to mine" - Syndicated has option to purchase the remaining 20% of a mine development area once a decision to mine is made;
- Kalman has direct synergies with Syndicated's current copper-gold projects in the world recognised Mount Isa mineral province;
- Agreement will secure for Syndicated a sizeable increase in its attributable copper, molybdenum, rhenium and gold mineral resource inventory;
- Potential for shallow open pit mining operation to augment Syndicated's growing copper-gold resource at Mount Remarkable expected to enhance the opportunity for early mine development;
- Cerro to become a substantial shareholder in Syndicated (~12% at signing of Agreement).

DIRECTORS & MANAGEMENT

Martin Pyle
Chairman
Russell Davis
Managing Director
Bruce McCullagh
Non-Executive Director
Jan Hope
Non-Executive Director
Ki Deok (KD) Park
Non-Executive Director
Mark Whittle
Exploration Manager

CORPORATE

ABN 61 115 768 986
Market Capitalisation
(13/5/2011)
\$15.6 million (at 17c per share)
Issued Capital (31/3/2011)
91.72 million ordinary shares
21.5 million unlisted options
6.95 million listed 20c options
Cash (31/3/2011): \$3.85 million

CONTACT DETAILS

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ASX CODE
SMD



Syndicated Metals Limited and Cerro Resources NL (formerly Kings Minerals NL) have agreed and documented terms of a Farm-in and Joint Venture that will provide an opportunity to unlock the value of and expedite the development of the Kalman molybdenum-rhenium-copper-gold deposit and surrounding tenement package to the benefit of both parties.

The new Agreement gives Syndicated the right to earn an 80% interest in all of Cerro's +700km² Mount Isa tenements (granted and applications) and will replace the existing Pelican Joint Venture Agreement between the two companies once Syndicated has completed the first stage of the earn-in. Syndicated will manage the new Joint Venture.

Cerro will retain 100% of the rights to its Mount Philip iron ore project.

Post-agreement Syndicated emerges with control of one of the largest landholdings in the Mount Isa region containing two complementary advanced projects - Mount Remarkable which contains the Barbara copper-gold deposits and Kalman, both of which present development opportunities and are surrounded by tenements highly prospective for further discoveries.

Commenting on the Agreement, Syndicated's Chairman, Mr Martin Pyle said the Company was very pleased with the outcome of negotiations with Cerro. "Both parties have negotiated with a real desire to reach an outcome that will see the Kalman project move forward," he said. "Syndicated has complementary copper-gold assets which allow a more regional approach to development to be considered making this a win-win for both parties."

Syndicated's Managing Director, Mr Russell Davis said the Company had a strong belief in the exploration potential of the Mount Isa district and the Pilgrim Fault zone in particular. "The potential of this zone to host additional significant mineral discoveries is considered to be outstanding," he said.

"One of our first priorities will be to drill out the near surface copper-gold mineralisation at Kalman which has the potential to boost our regional copper-gold resources when combined with those at Barbara. We also plan additional drilling to improve the definition of the high grade molybdenum, rhenium, copper, gold core of the Kalman deposit.

We also plan to follow up on the exciting high grade copper-gold results encountered in the final phases of drilling at Kalman as well as the significant Ernest Henry style iron oxide copper-gold target at Andy's Hill for which Cerro has received a Government grant to co-fund drill testing," he said.

"Between the Kalman Joint Venture tenements and Syndicated's existing 100% owned landholding in the Kalman area Syndicated will control approximately 100 kilometres of the highly prospective Pilgrim Fault Zone.

Cerro has done some excellent technical work at Kalman and we will review this data prior to finalising our broader exploration and development strategy for Kalman and the Mount Isa projects as a whole. We also welcome experienced geologist Trevor Leahey who has agreed to continue his long association with this important deposit from discovery and subsequent drill out through ongoing exploration and pre-development studies."

Details of Farm-in and Formation of New Joint Venture

Stage 1: To earn a 60% interest Syndicated will issue \$2m of Syndicated shares to Cerro with the price being determined at a 10% discount to the 10 day Volume Weighted Average Price (VWAP) and undertake a minimum exploration spend of \$4 million over two years (with an additional 6 months discretionary period if required).

Syndicated and Cerro will enter into a Voluntary Escrow Deed on the basis that 50% of the shares issued will be escrowed for a period of 12 months with the remaining 50% being escrowed for a period of 24 months.

Should Syndicated elect to withdraw from the Agreement during this stage the existing Pelican Joint Venture Agreement would restart.

Once the \$4 million exploration spend is complete, Syndicated will have earned a 60% interest in the total Kalman tenements, including the Pelican (Kalman South) joint venture tenement (EPM13870) currently 49% owned by Syndicated. The parties will then form an unincorporated joint venture known as the Kalman Joint Venture managed by Syndicated and owned 60% by Syndicated and 40% by Cerro.

Stage 2: To earn a further 20% and move to an 80% interest, Syndicated will issue \$1m of Syndicated shares to Cerro within 30 business days of electing to proceed, the price being at a 10% discount to the 10 day VWAP, and sole fund exploration expenditure of \$7 million over a maximum of 3.5 years (plus an additional six month discretionary period if required).

The earn in period can be extended if either copper or molybdenum LME prices drop below certain price thresholds for a period greater than 90 days.

Syndicated can elect to stop sole contributing at 60% or at any time during the second earn-in period.

Free Carried Period

Cerro (Mt Dockerell) will be free carried by Syndicated once Syndicated has earned 80% until a Decision to Mine is made.

Decision to Mine and Option to Purchase to 100%

Excluding the shallow mining provisions, a Bankable Feasibility Study must be completed before a Decision to Mine can be voted on by the Operating Committee. The area of the proposed mining operation will then be delineated and will become the subject of a new Production Joint Venture Agreement.

Following the Decision to Mine Syndicated will have an option period of 40 days to purchase Cerro's 20% interest in the Production Joint Venture for cash or shares or a combination of both at Cerro's election. If the participants are unable to agree on a value, the valuation will be referred to an expert.

The Kalman Joint Venture will continue over the remainder of the joint venture area.

About the Kalman Project

The Kalman molybdenum-rhenium-copper-gold project is located around 60 kilometres southeast of Mount Isa in Northwest Queensland and lies within the Mary Kathleen Fold Belt of the Eastern Succession of the Mount Isa Inlier. Mineralisation is hosted by sediments of the Corella Formation and is located immediately adjacent and sub-parallel to the regional-scale Pilgrim Fault Zone.

The Kalman Joint Venture area covers around 700km² and is close to existing infrastructure including the Barkly Highway, the Townsville-Mount Isa railway, and a natural gas pipeline to Mount Isa. It comprises 19 Exploration Permits for Minerals (EPMs) including Syndicated's 49% owned EPM13870.

The Kalman polymetallic molybdenum-rhenium-copper-gold deposit has been traced continuously over a strike length of 1,000 metres, a depth of 900 metres below surface and consistently averages 80 to 90 metres in width. Copper grades are consistently elevated, although variable, over broad widths and molybdenite-rhenium grades are often highly elevated over lesser widths. A higher grade mineralised core in the centre of the system averages between 10 and 30 metres in width.

Cerro has delineated an Inferred Mineral Resource containing 30,000 tonnes of molybdenum, 2.3 million ounces of rhenium, 195,000 tonnes of copper and 295,000 ounces of gold, based on 74 drill holes for a total of 33,318 metres. (Refer to Appendix 1 for Resource Table.) Much of the drilling through the ore zone has been completed with HQ diamond core.

Metallurgical test work programs including determining the comminution characteristics of the ore and evaluation of various flotation reagent regimes have been undertaken by Cerro on the Kalman mineralisation. These studies have demonstrated consistently high flotation recoveries of the pay metals to either a molybdenum sulphide concentrate or a copper sulphide concentrate. The rhenium reports to the molybdenum concentrate and the gold to the copper concentrate.

Environmental permitting studies have been underway for some time and baseline environmental data continues to be collected by installed monitoring equipment.

Exploration Potential

The Kalman project area has potential for a range of ore deposit types including the "Kalman-style" molybdenum-rhenium-copper-gold deposits, structurally controlled copper-gold-cobalt deposits such as Eloise or Barbara and iron oxide copper-gold (IOCG) deposits such as Ernest Henry.

Several copper, gold and molybdenum targets including Pelican, Serendipity and Python which have only had preliminary drill testing have been identified along strike of Kalman. Previous drilling has generated a number of encouraging results including 8 metres at 1.8% Cu and 0.5g/t Au at Pelican and 50 metres at 0.48g/t Au at Serendipity. These targets add to the Dronfield copper-gold targets within Syndicated's 100% owned tenements along strike to the south.

The Kalman Joint Venture also includes the Andy's Hill IOCG target located about 8 kilometres to the west of Kalman. Andy's Hill comprises a zone of strong "red-rock" alteration and copper soil anomalism coincident with a strong magnetic anomaly represents a prime IOCG target. Cerro received a Government co-funding drilling grant to test this target.

About Syndicated Metals

Syndicated is focused on the discovery and development of base metal deposits within its prospective project areas in the mineral-rich Mount Isa region in Northwest Queensland.

Syndicated is building a significant metal resource inventory in the Mount Isa region with its interests in the Barbara (copper-gold) and Kalman (molybdenum-rhenium-copper-gold) deposits, both within 60 kilometres of existing infrastructure at the Mount Isa mining centre.

Korea Zinc Company Ltd, through its Australian subsidiaries holds a 14.9% interest in Syndicated.

For further information on the Company view our website at www.syndicatedmetals.com.au or contact:

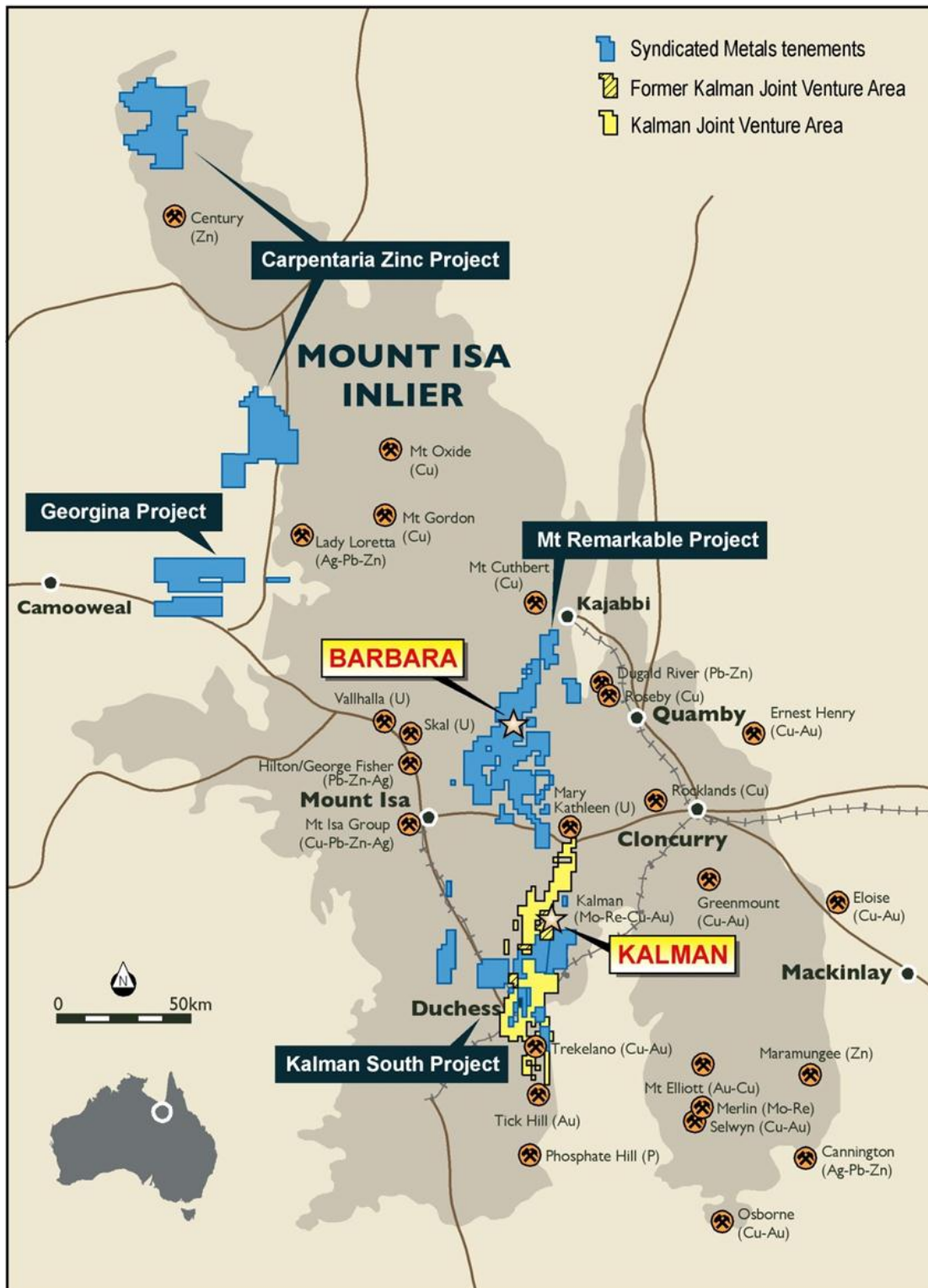
Russell Davis

Managing Director

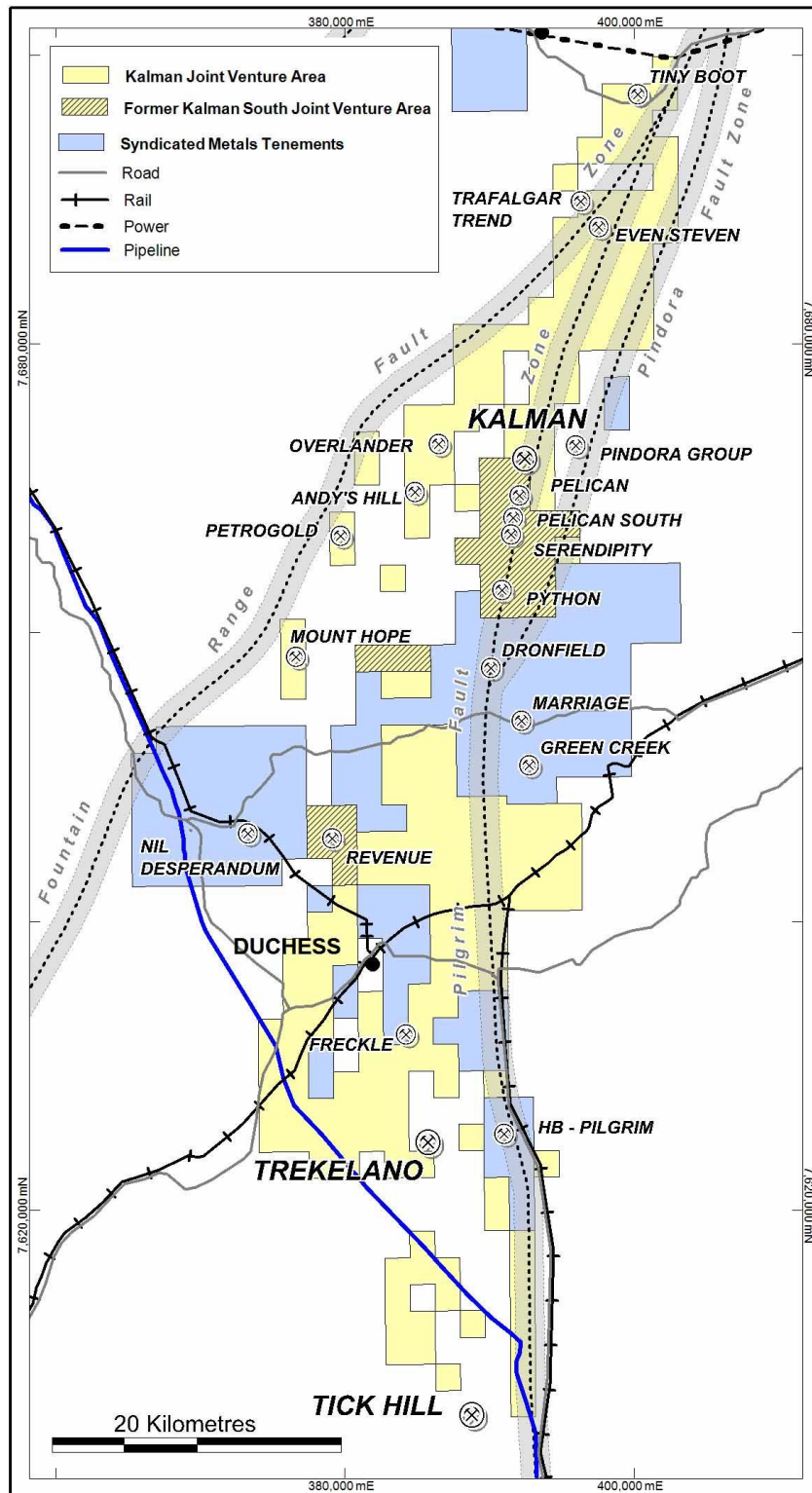
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COMPETENT PERSONS' STATEMENTS

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Russell Davis and Mr Mark Whittle who are Members of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Davis and Mr Whittle are full-time employees of Syndicated Metals Limited and consent to the inclusion in the report of the Exploration Results and Mineral Resources in the form and context in which they appear



Mount Isa Region Tenements



Kalman Project Tenements

Appendix 1

Kalman Inferred Mineral Resource Estimate

Domain	Cut-off Grade	Tonnes (million)	Mo (%)	Re (g/t)	Cu (%)	Au (g/t)	Tonnes Mo	Ounces Re	Tonnes Cu	Ounces Au
Copper Zone										
EPM14232	0.2% Cu	36.7	0.06	1.46	0.31	0.15	20,400	1,717,000	112,300	173,000
EPM13870	0.2% Cu	24.1	0.04	0.79	0.34	0.16	10,000	609,200	82,400	121,900
Total copper zone		60.8	0.05	1.19	0.32	0.15	30,400	2,326,200	194,700	294,900
Including the Molybdenum Zone										
EPM14232	0.02% Mo	17.5	0.11	2.88	0.22	0.11	18,400	1,632,700	38,700	61,400
EPM13870	0.02% Mo	7.4	0.12	2.56	0.34	0.17	8,900	609,200	25,300	40,800
Total molybdenum zone		24.9	0.11	2.78	0.26	0.13	27,300	2,241,900	64,000	102,200
Source: Kings Minerals NL 2010 Annual Report - Refer to ASX release by Kings Minerals NL now Cerro Resources NL (ASX: CJO) dated September 10,2008 for full details of Mineral Resource Estimate										