

JUNE 2013 QUARTERLY ACTIVITIES REPORT

Syndicated Metals Limited (Syndicated) (ASX:SMD) is focused on building a long-term copper-gold business through the development of its Barbara Project in cooperation with Exco Resources and a program of complementary exploration on its surrounding land-holding in the world-class Mount Isa region of Northwest Queensland.

Quarter Highlights

- MOU signed with Exco Resources to enter into a Development Joint Venture over the Barbara copper-gold deposit, with Exco sole funding the purchase of a minority stake in the deposit, a Feasibility Study and \$1.7M of exploration for 50% ownership.
- The agreement, once finalised, will provide a secure and clear development pathway for Barbara, while also enabling Syndicated to unlock the broader value of the Project.
- Excellent metallurgical test work results received for Barbara indicating 85-95% recovery and 23-28% copper in concentrate grade.
- Multiple new zones of mineralisation identified in a similar structural and geological position within 5km radius of Barbara from systematic soil sampling targeting additional surface mineralisation.



Board of Directors

Peter Langworthy *Chairman*
 Andrew Munckton *Managing Director*
 David Morgan *Executive Director*

Corporate

ABN: 61 115 768 986
 Market Capitalisation (30/6/2013):
 \$3.2 million (at 1.8¢ per share)
 Issued Capital (30/6/2013):
 177.9 million ordinary shares
 20.3 million listed options
 19.7 million unlisted options
 13.2 million performance rights

Contact Details

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ASX CODE: SMD



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Barbara JV MOU

During the Quarter, Syndicated signed an MOU with Exco Resources Limited, a wholly-owned subsidiary of the WH Soul Pattinson Group, to advance the Barbara Copper-Gold Project. Under the MOU, Exco can earn a 50 per cent share of the Barbara Exploration and Development Project in joint venture with Syndicated by:

- funding the \$1.0 million purchase of the Orbis Gold tenements by Syndicated, consolidating ownership of the deposit;
- funding the initial \$1.7 million of exploration expenditure both at Barbara itself and at a number of highly prospective exploration targets within a 5km radius of Barbara; and
- funding and managing a Feasibility Study over the Barbara Project up to a Decision to Mine.

Once completed, the agreement with Exco will provide a secure and clear development pathway for Barbara while at the same time enabling Syndicated to unlock the value of its broader tenement holding in the Mt Isa-Cloncurry region of North Queensland.

Key activities undertaken during the Quarter at Barbara included completion of metallurgical test work on Barbara ore and the initial stage of soil sampling exploration targeting additional surface mineralisation. Both of these programs delivered excellent results.

Metallurgy

In November 2012, Syndicated commenced a second batch of test work to determine the metallurgical performance of the Barbara ores across the expected range of production grades and directly from the ore zones which make up the Mineral Resource estimate of 5.3 million tonnes at 1.4% Cu and 0.2ppm Au.

Initial results were very encouraging, demonstrating that a copper recovery of 98% can be achieved at significantly lower head grade than the initial sighter tests. Rejection of gangue to tailing at the rougher flotation stage is uniformly high. Mass recoveries correlate well with the copper head grade, resulting in very good copper selectivity and high copper concentrate grade during flotation.

During the Quarter, cleaner flotation tests were completed with excellent results. Test work consisted of standard re-grinding, cleaner flotation and reagent addition tests. The results of the cleaner flotation tests are presented in the tables below. These tests covered a range of copper head grades and domains within the ore zones at Barbara, as well as a composite sample that replicates the expected blending ratios expected during the mining and processing of the ores.

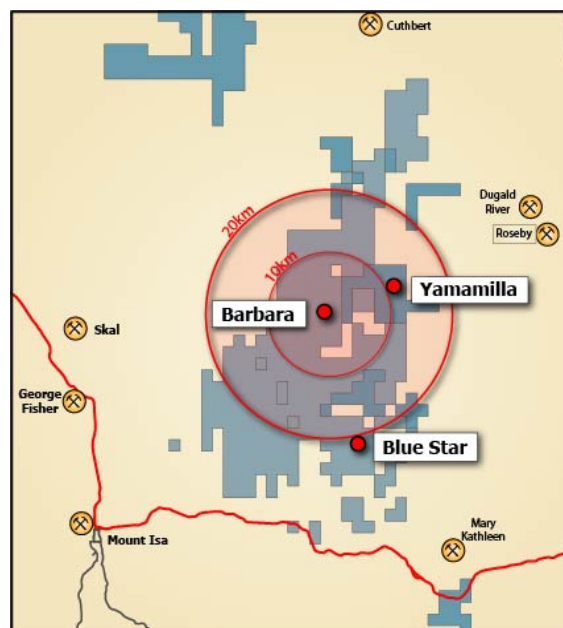


Figure 1 – Barbara Project Location

Hangingwall Domain

		Mass %	Cu %	Co %	Fe %	S %	Au ppm	As ppm
Composite	Head	100	1.93	0.09	13.0	5.90	0.20	1100
106um Primary Grind 53um Secondary Grind	Rougher	14.4	12.8	0.38	41.0	33.1	1.16	3400
	Cleaner	8.2	21.8	0.24	37.5	34.6	1.26	2000
	Recovery %	-	95.0	21.7	23.1	43.8	55.9	20.2

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Hanginwall Domain

		Mass %	Cu %	Co %	Fe %	S %	Au ppm	As ppm
Composite	Head	100	1.93	0.09	13.0	5.90	0.19	1100
106um Primary Grind 38um Secondary Grind	Rougher	14.4	12.8	0.39	38.3	32.0	1.05	3600
	Cleaner	6.0	28.0	0.14	32.0	33.0	1.62	1400
	Recovery %	-	88.2	10.1	14.9	35.1	52.2	10.4

Central Domain

		Mass %	Cu %	Co %	Fe %	S %	Au ppm	As ppm
Composite	Head	100	0.42	0.02	11.8	2.93	0.10	200
106um Primary Grind 38um Secondary Grind	Rougher	5.4	7.4	0.12	32.2	22.5	0.88	800
	Cleaner	1.5	24.9	0.05	33.5	32.1	2.28	1000
	Recovery %	-	84.7	5.2	4.4	18.4	48.4	17.2

Footwall Domain

		Mass %	Cu %	Co %	Fe %	S %	Au ppm	As ppm
Composite	Head	100	0.77	0.04	17.7	7.8	0.07	300
106um Primary Grind 38um Secondary Grind	Rougher	9.6	7.3	0.10	36.7	27.5	1.06	500
	Cleaner	2.8	22.7	0.10	33.4	31.5	1.80	300
	Recovery %	-	91.1	4.6	5.7	12.4	33.6	5.8

Composite Blend (30%HW, 60%CE, 10%FW)

		Mass %	Cu %	Co %	Fe %	S %	Au ppm	As ppm
Composite	Head	100	0.89	0.04	13.0	4.4	0.21	300
106um Primary Grind 38um Secondary Grind	Rougher	8.5	10.3	0.30	38.3	29.9	1.72	2000
	Cleaner	3.1	26.2	0.10	32.8	32.6	1.76	1000
	Recovery %	-	92.7	8.9	7.9	23.2	26.2	9.0

Samples showed very fast flotation kinetics for copper with between 84.7% and 95.0% recovery of copper achieved to the cleaner concentrate product. Rejection of gangue was exceptionally good. Gold recovery of between 26% and 56% was also achieved.

Average recovery to cleaner concentrate is expected to exceed 90% for copper and 30% for gold based on these samples and the composite blend sample.

Cleaner concentrate grades were between 22.7% and 28% copper for all 38um secondary grind samples with the average grade of copper-in-concentrate expected to exceed 25% based on these samples and the composite blend sample. Arsenic grade in cleaner concentrates was acceptable, with results of the 38um secondary grind all falling below the upper limit of 2,000ppm.

The average grade of arsenic in concentrate is expected to be approximately 1,000ppm based on these samples and the Composite Blend sample.

In general, the results are very encouraging and demonstrate good copper selectivity, high copper concentrate grade during flotation and that a copper recovery of 90% can be achieved at significantly lower head grade than the initial sighter tests.

Rejection of gangue to tailing at the Rougher flotation stage is uniformly high. Mass recoveries indicate that acceptable volumes of material are produced at both the rougher and cleaner flotation stages.

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Exploration

A technical review of the exploration potential of the Barbara Project was completed in 2012 and highlighted areas where potential high-grade, Barbara-style copper-gold-cobalt mineralisation may be present in the area immediately surrounding the Barbara deposit.

In particular, several parallel structures similar to the Barbara Shear were identified immediately south-west the Barbara deposit.

A regional soil geochemical survey and accompanying geological mapping program commenced during the Quarter over the immediate targets in the area.

The sampling program was highly successful, resulting in the discovery of significant new anomalous zones of surface mineralisation in similar structural and geological positions to Barbara at Scaramanga, Spectre and Mt Olive on the tenements subject to the Barbara JV MOU (see Figure 2 below).

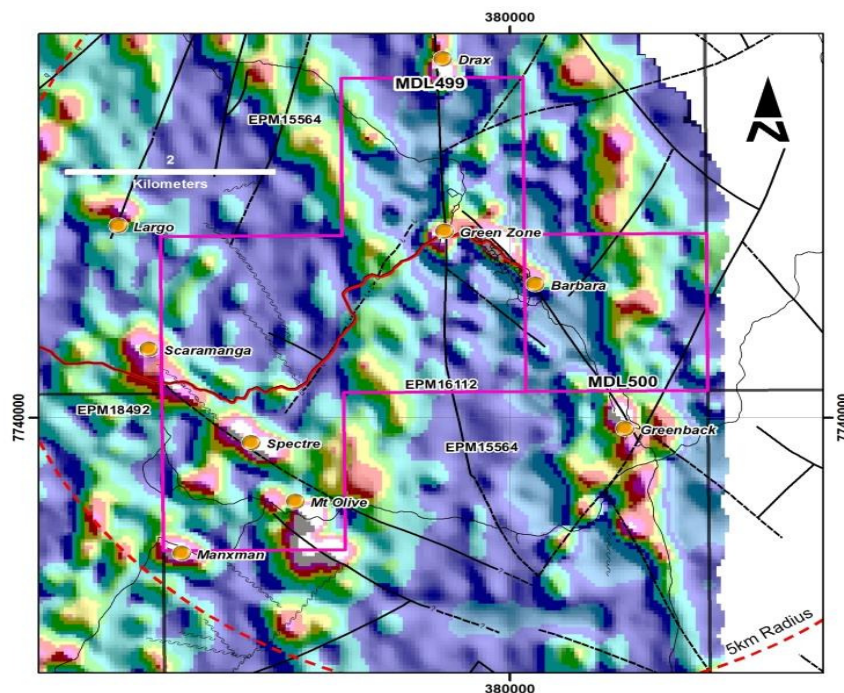


Figure 2 - Copper-in-Soil Image, Barbara Project MOU Area

Further copper-in-soil anomalies are also highlighted outside the Barbara JV MOU area at Vargas, Sandor, Zorin and Auric, further to the south, in areas associated with the Kalkadoon Granite contact and a number of dolerite intrusions present along the contact (see Figure 3 overleaf).

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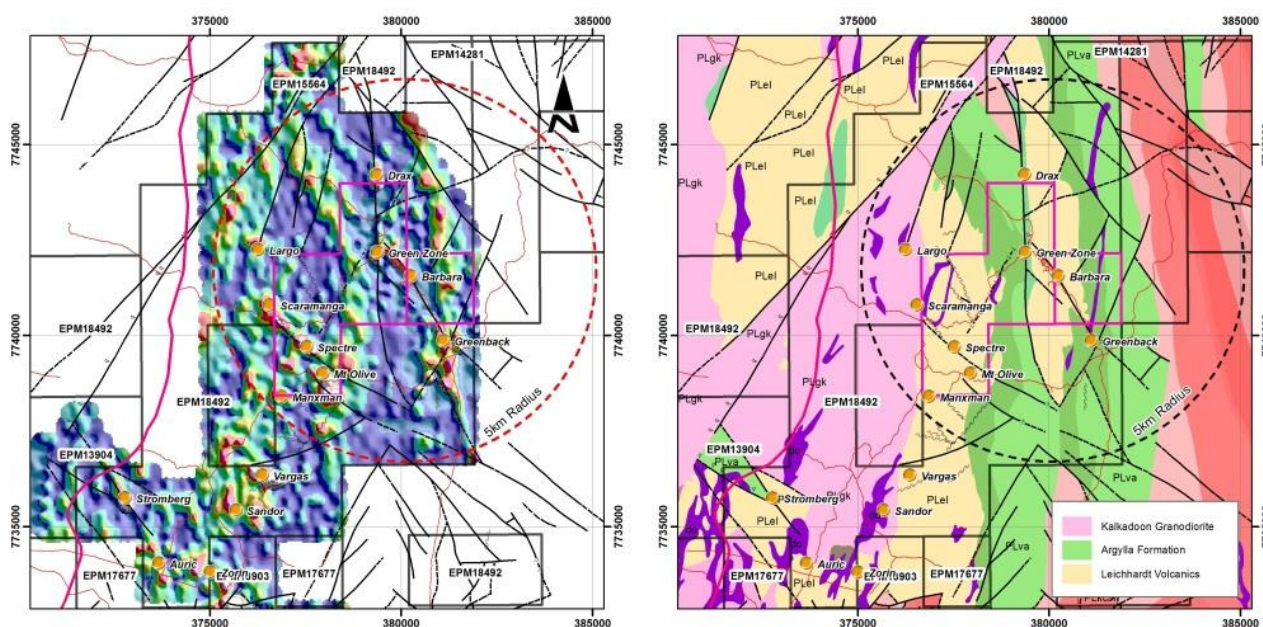


Figure 3 –Copper-in-Soil Image showing association with Kalkadoon Granite south-west of Barbara

Kalman Joint Venture

During the Quarter, the Company formally withdrew from the Kalman Joint Venture with Mt Dockerell (a 100%-owned subsidiary of Santana Minerals Limited), covering a number of tenements within its Southern Project Hub in north-east Queensland.

Kalman JV

The Kalman JV Agreement commenced in May 2011, whereby Syndicated could earn 60% ownership in a number of tenements by:

- paying Cerro Resources (the vendor) \$2.0 million in shares; and
- completing \$4.0 million of earn-in expenditure within two years.

Syndicated could then earn an additional 20% interest (to 80%) by:

- paying Cerro Resources a further \$1.0 million in shares; and
- spending a further \$7.0 million of earn-in expenditure within 3.5 years.

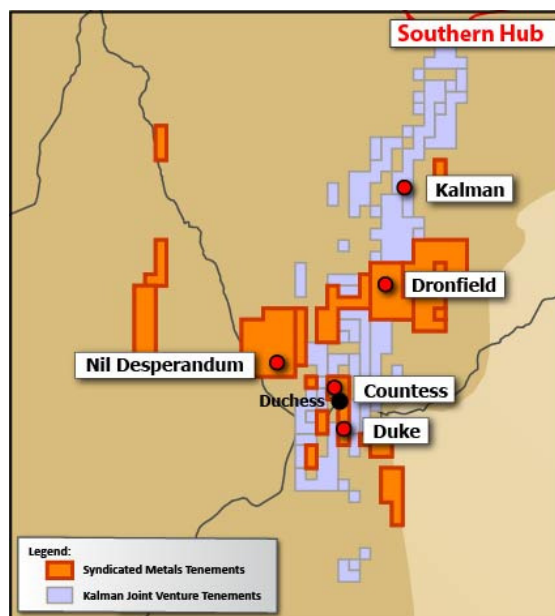


Figure 4 – SMD and Kalman JV tenements

Syndicated Metals had to spend a minimum of \$2.0 million of earn-in expenditure before withdrawing from the Joint Venture Agreement.

Syndicated had completed approximately \$2.3 million of earn-in expenditure at the withdrawal date.



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Pelican JV

The arrangements between Syndicated and Mt Dockerell have now reverted to the previously agreed Pelican JV, whereby Mt Dockerell, having already earned a 51% interest, has a right to earn up to a 70% interest in a number of tenements within the Company's Southern Hub by sole funding exploration and completing a Final Feasibility Study on a development project within three years.

The Pelican JV has approximately 12 months to run of its 3-year earn-in period. The Pelican JV contains approximately half of the Kalman deposit, which straddles the boundary between Mt Dockerell and Pelican JV tenure.

Subsequent to the end of the Quarter, Santana Minerals announced its intention to sell its ownership of Mt Dockerell to unlisted company Hammer Metals, which plans to conduct an IPO by December 2013 and list on the ASX or Singapore Stock Exchange. Santana will receive approximately 50% of the issued stock in Hammer Metals, a company which is associated with the former Managing Director of Syndicated, Mr Russell Davis.

Corporate

Board Restructure and Cost Savings

During the Quarter, the Board implemented a series of initiatives to reduce the Company's corporate and administrative overheads and to align its structure more appropriately with its strategic focus and direction as a result of the MOU with Exco.

The changes have been made after taking into consideration the very difficult market conditions currently facing junior resource companies, and to ensure that Syndicated is able to preserve its cash reserves while it progresses plans to explore and develop the Barbara Project with Exco.

Mr David Morgan has agreed to step down as an Executive Director effective 31 August 2013, but will continue to serve the Company as a non-executive Director. Ms Jan Hope resigned as a non-executive Director effective 30 June 2013.

The remaining Directors, including the Chairman Peter Langworthy and the Managing Director Andrew Munckton, have agreed to 10% reductions in their Director's fees and remuneration packages respectively.

In addition, the restructure has resulted in a reduction in overall employees in the Company's Perth and Mt Isa offices by four people (40% of the pre restructure workforce) through a combination of natural attrition and redundancy. Salary and wage levels for all remaining employees across the group have been reduced by 10%. These changes will result in total cost savings to the Company in the order of \$0.6 million annually.

Section 249D Notice

On 4 July 2013, the Company received notice under section 249D of the Corporations Act requisitioning a General Meeting of shareholders to consider resolutions to remove the current Board of Directors and replace them with three nominee Directors including the former Managing Director of the Company, Mr Russell Davis, the Managing Director of Santana Minerals, Mr Tony McDonald, and Mr Paul Clarke, a significant shareholder of Syndicated.

The Directors have convened the General Meeting to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, WA on Wednesday, 4 September 2013 at 10am (AWST).

A Notice of Meeting to consider the resolutions is being prepared and will be dispatched to all shareholders in due course, within the timeframe prescribed by the Act.

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Shareholders will receive a Notice of Meeting in the mail, together with statements prepared by each of the current Directors, Mr Peter Langworthy, Mr Andrew Munckton and Mr David Morgan, as well as any statements by the Requisitioning Shareholders, National Health Recovery Agents Pty Ltd and Santana Minerals Limited, provided in the requisition notice.

Cash reserves

As at 30 June 2013, the Company had cash reserves of \$0.897 million. The Company has no corporate debt and minimal long-term commitments.

Financials

Net cash outflows for the June Quarter totalled \$0.977 million, driven by the exploration and metallurgical test work associated with the Barbara area developments.

Cash outflows for the September 2013 Quarter are expected to total \$0.33 million, comprising \$0.38 million of expenditure on exploration field activities, offset by an expected R&D refund currently held by the Australian Tax Office.

Shareholder Information

As at 30 June 2013, the Company had 177,866,755 fully paid ordinary shares on issue and approximately 650 shareholders. The top 20 shareholders held 48% of the Company. On 13 May 2013, 6,261,741 restricted fully paid ordinary shares were released from escrow.

Listed options on issue total 20,318,468 with 19,756,757 unlisted options and 13,200,000 performance rights.

For further information on the Company view our website at:

syndicatedmetals.com.au

or contact:

Andrew Munckton

Managing Director

T: 08 9380 9440

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 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.

Company Background

Syndicated Metals Limited (Syndicated) (ASX:SMD) is focused on building a long-term base metals and gold business through development of its Barbara Project in cooperation with Exco and a program of complimentary exploration on its surrounding land holding in the world-class Mount Isa region of Northwest Queensland.

Note on the use of copper equivalent grades

The report refers to a copper equivalent grade. The equivalent grade is based on copper, gold, silver, and cobalt. The copper metal equivalent calculation is based on a copper price of US\$7,200/t, gold price of US\$1,300/oz., silver price of US\$22.50/oz., and a cobalt price of US\$25,000/t. 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.