



MARCH 2014 QUARTERLY ACTIVITIES REPORT

Strong drilling results including 42.4m @ 1.91% Cu pave the way for resource upgrade and next phase of development of Barbara Copper-Gold Project, North Queensland

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

Quarter Highlights

- Several thick, high-grade copper-gold intersections returned from in-fill diamond drilling program, including:
 - **42.4m @ 1.91% Cu incl. 17m @ 3.39% Cu**
 - **21.3m @ 1.86% Cu**
 - **17.0m @ 2.00% Cu**
 - **33.5m @ 0.87% Cu**
- Extensions identified to Southern Shoot mineralisation at depth.
- Oxide and Transitional ore boundaries defined above Northern and Southern Shoots.
- De-watering and geotechnical drilling completed.
- Metallurgical drilling 70% complete and will conclude the drilling component of the Feasibility Study.
- Updated Mineral Resource estimate due to be completed in June Quarter.
- Initial exploration drilling completed at key exploration prospects 4km south-west of Barbara: first results expected in coming weeks.



Board of Directors

Peter Langworthy *Chairman*
 Andrew Munckton *Managing Director*
 David Morgan *Non-Executive Director*
 Brendan James *Non-Executive Director*

Corporate

ABN: 61 115 768 986
 Market Capitalisation (31/3/2014):
 \$9.0 million (at 3.3¢ per share)
 Issued Capital (31/3/2014):
 274.45 million ordinary shares
 20.3 million listed options
 24.7 million unlisted options
 13.2 million performance rights

Contact Details

Principal and Registered Office

68A Hay Street
 Subiaco WA 6008
 Tel: +61 (8) 9380 9440
 Fax: +61 (8) 9380 9449
 Postal Address: GPO Box 2810, Perth WA 6000
 Email: info@syndicatedmetals.com.au

ASX CODE: SMD



Quarterly Activities Report

For the 3 months ended 31 March 2014



Overview

Work during the Quarter focused on completing the resource development and extensional drilling program at the Company's flagship **Barbara Joint Venture Copper-Gold Project** in North Queensland, as part of the Feasibility Study being undertaken by Syndicated and its joint venture partner, North Queensland copper producer CopperChem Limited.

Exploration and Development

Barbara Joint Venture – Resource and Extension Drilling

During the Quarter, the Company reported further highly encouraging results from in-fill and extensional diamond drilling undertaken at Barbara. The Barbara Project is a 50/50 joint venture with CopperChem Limited, which is funding the Feasibility Study for the development up to a Decision to Mine.

The results confirmed the strength of the mineralisation within the Southern Shoot and highlighted extensions of this mineralisation into potential underground mining positions below the proposed open pit.

The results in this area included significant deeper hits of **42m @ 1.91% Cu** including **17m @ 3.39% Cu** (hole BADD038) and **21.3m @ 1.86% Cu** (hole BADD035), confirming the presence of thick zones of mineralisation and supporting the potential for an expansion of the open pit in this area.

The 2014 drilling program, which comprised 25 diamond drill holes (9 with RC pre-collars) for 661m of RC and 1,499m of HQ diamond core, was primarily designed to in-fill and upgrade the current Indicated and Inferred 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) and also to confirm the geological interpretation of the style of mineralisation intersected in previous RC dominated drilling.

The results either met or exceeded expectations, providing a strong foundation for the next phase of work which is an upgrade of the Mineral Resource estimate of the deposit.

Assay results also confirmed the extension of high-grade copper mineralisation into the oxidized near-surface environment above the Southern Shoot.

Drilling results reported previously (BARC074 to BARC118) provided coverage for resource definition within and around both the Southern Shoot and the Northern Shoot, confirming the interpretation of a high-grade (>2.5% Cu) hanging wall lode of mineralisation supported by thick zones of lower grade (0.5% to 1.5% Cu) mineralisation in the Southern Shoot and thinner high grade mineralisation within lower grade zones in the Northern Shoot.

Results from holes **BADD033 to BADD039 and BADD044** have confirmed the previous interpretation of southerly plunging shoots of copper mineralisation closer to surface, where the mineralisation at the hanging wall contact comprises zones of coarse-grained and high-grade chalcopyrite mineralisation, supported by thick zones of Central and Footwall mineralisation, which is finer grained and generally lower grade.

Quarterly Activities Report

For the 3 months ended 31 March 2014

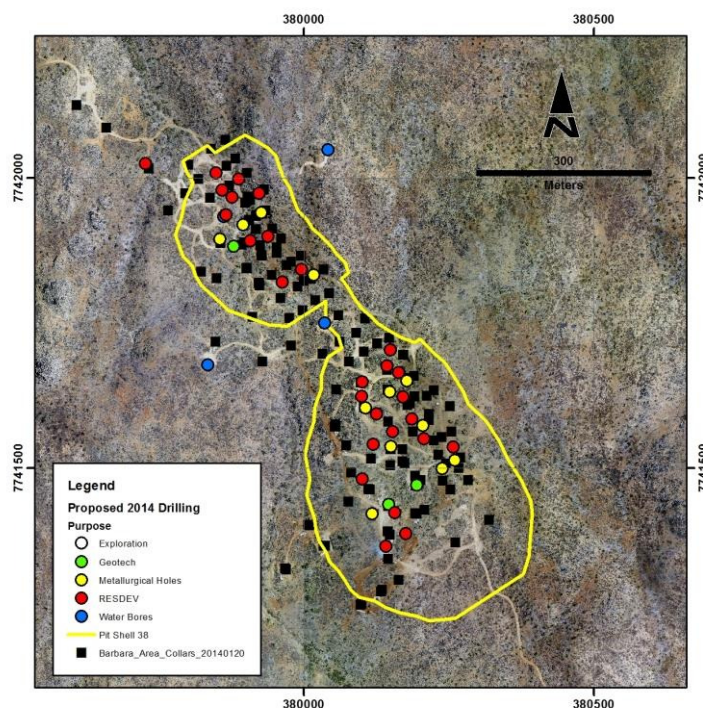


Figure 1 – Plan showing completed and planned Barbara in-fill diamond and extensional drilling

Barbara Joint Venture – Geotechnical and Water Drilling

Drilling during the Quarter comprised three geotechnical holes (**BAGT001-BAGT003**), one of which intersected the Barbara ore zone (**33.5m @ 0.87% Cu**). The holes were geotechnically logged and their results included in the analysis of pit wall design parameters. Drilling totalled 385.5m of HQ diamond core.

Water drilling comprising two de-watering bores and five water level observation bores (BAWB1 – BAWB7) surrounding the proposed Barbara pit was also completed. Drilling totalled 773m.

Barbara Joint Venture – Metallurgical Drilling

Drilling continued during the Quarter as part of the metallurgical drilling program. This drilling was completed mid-April. The program comprises:

- Six (6) PQ sized drill cores to test the near-surface oxide copper environment and provide samples for heap and column leach test work;
- Four (4) HQ sized drill cores along with cores from the completed in-fill program which will be used to test the grinding, flotation and consumption performance of a series of ore types from both the Southern and Northern Shoots of mineralisation with application to the existing CopperChem sulphide circuit at Cloncurry; and
- Work to test the materials handling characteristics of both oxide and sulphide ores.



Quarterly Activities Report

For the 3 months ended 31 March 2014



Satellite Area Exploration Drilling

The shear zone and fault architecture of the area controls all known copper mineralisation in the greater Mt Isa region.

All major deposits discovered to date lie on second order (Green Zone Fault) and third order (Barbara Fault and Spectre Fault) structures, which are within 3km of major crustal-depth, domain-boundary faults (Mt Remarkable Fault).

Towards the end of the Quarter, a new phase of exploration drilling commenced at a series of highly prospective copper-gold prospects located approximately 4km south-west of Barbara which are associated with the Spectre Fault (see Figure 2).

The prospects, which have been worked up over the past year, represent attractive opportunities for the discovery of additional copper-gold mineralisation outside of the main Barbara resource, but which lie on Barbara JV tenure.

Exploration work on the Barbara JV tenure outside the Barbara Feasibility Study is being funded on a 50/50 basis between CopperChem and Syndicated.

The exploration drilling program is focusing on the Spectre, Lilly May, Mt Olive and Manxman prospects and will consist of:

- 8-12 RC holes targeting high grade vein-style mineralisation at Lilly May, Mt Olive and Manxman;
- 4-6 RC holes to test for IOCG-style mineralisation at Spectre; and
- Down-hole geophysical surveys to test for conductive bodies in proximity to the RC drill-holes at all prospects.

The Company believes that this area, which lies approximately 4km to the south-west of Barbara, is highly prospective for both high-grade and large tonnage, low-grade copper mineralisation.

Quarterly Activities Report

For the 3 months ended 31 March 2014

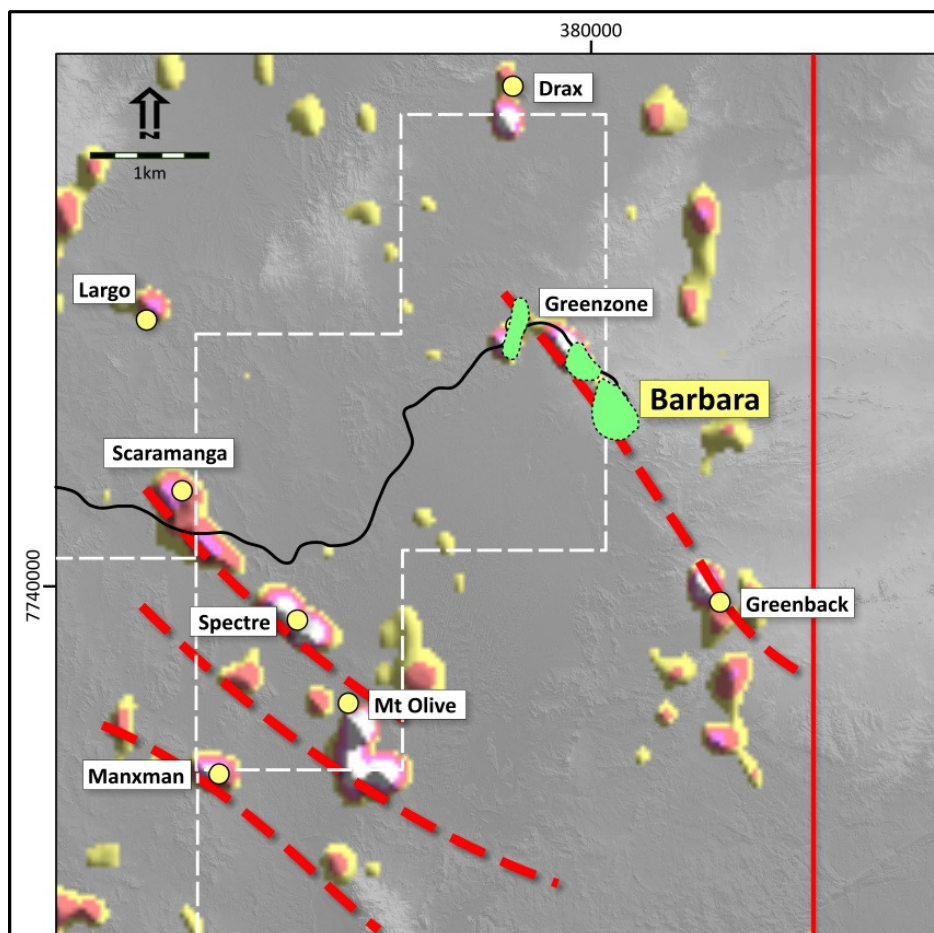


Figure 2 – Soil geochemical anomaly map of Spectre area prospects

Corporate

Issue of Securities in Settlement of Advisory Fees

In January, the Company issued fully-paid ordinary shares and unlisted options to Sydney-based Blue Ocean Equities Pty Ltd (**Blue Ocean**) in settlement of fees owed to Blue Ocean for corporate advisory services provided to the Company over the second half of 2013.

Blue Ocean advised Syndicated on the transaction completed last year with CopperChem Limited, which included a cornerstone investment and joint venture over the Company's flagship Barbara Copper-Gold Project, as well as its December capital raising.

Details of the securities issued to Blue Ocean are as follows:

- 2,000,000 fully-paid ordinary shares at a deemed issue price of \$0.032 per share (the same price as the entitlements issue completed in December); and
- 5,000,000 unlisted options exercisable at \$0.064 per option and expiring 3 years from the date of issue.

The securities were issued under the Company's 15% placement capacity so shareholder approval was not required. No additional cash consideration was payable to Blue Ocean.

Quarterly Activities Report

For the 3 months ended 31 March 2014



Issue of Shares to CopperChem

In February, Syndicated issued 490,000 fully paid ordinary shares (**Shares**) to CopperChem Limited pursuant to their anti-dilution right granted under the Placement Agreement signed between the Company and CopperChem in September 2013. The Shares were issued at 3.7 cents per share in accordance with the formula prescribed in the Placement Agreement and raised \$18,130 before costs. The Shares issued ranked equally with existing shares in the Company.

The share issue to CopperChem arose as a result of the dilution to their shareholding following the issue of the 2,000,000 shares to Blue Ocean Equities in January as outlined above.

Under the anti-dilution right, Syndicated is required to offer to CopperChem new shares in order for CopperChem to maintain the same percentage interest in the capital of Syndicated as was held prior to the issue of the new shares to Blue Ocean Equities. CopperChem exercised its right to subscribe for the new Shares.

The funds raised from the issue of the new Shares were used for working capital.

The shares were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1 and accordingly shareholder approval was not required.

Cash Reserves

As at 31 March 2014, the Company had cash reserves of \$2.299 million. The Company has no corporate debt and minimal long-term commitments.

Financials

Net cash outflows for the March Quarter totalled \$0.570 million, predominantly comprising exploration and evaluation expenditure. Cash outflows for the June 2014 Quarter are expected to total \$0.516 million, including \$0.279 million of expenditure on exploration field activities, net of cash call receipts from the Company's Joint Venture partner, CopperChem Limited.

Shareholder Information

As at 31 March 2014, the Company had 274,445,673 fully paid ordinary shares on issue and approximately 658 shareholders. The top 20 shareholders held 54.7% of the Company. During the Quarter, the Company issued 2,000,000 fully-paid ordinary shares and 5,000,000 unlisted options to Blue Ocean Equities and 490,000 fully paid ordinary shares to CopperChem Limited as detailed above.

Listed options on issue total 20,318,468 with 24,756,757 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



Quarterly Activities Report

For the 3 months ended 31 March 2014



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.

For the 3 months ended 31 March 2014



Table 1: Drill-Hole Summary and Significant Intercepts

[illegible]

Quarterly Activities Report

For the 3 months ended 31 March 2014

The following additional information is reported as required by Listing Rule 5.3.3.

Mining tenements held at the end of the Quarter and their location:

Mt Isa - Northern Hub	
Mt Remarkable	
EPM 13855	Granted
EPM 13869	Granted
EPM 13903	Granted
EPM 13904	Granted
EPM 15564	Granted
EPM 16112	Granted
EPM 16197	Granted
EPM 17636	Granted
EPM 17638	Granted
EPM 17947	Granted
EPM 17677	Granted
EPM 18420	Granted
EPM 18492	Granted
EPM 19049	Application
EPM 17678	Granted
EPM 17914	Granted
Mt Isa - Southern Hub	
Fountain Range	
EPM 14362	Granted
EPM 14366	Granted
EPM 14369	Granted
EPM 17637	Application
EPM 18078	Granted
EPM 18082	Granted
EPM 18223	Granted
EPM 18671	Granted
EPM 18980	Granted
EPM 19008	Granted
EPM 25435	Application
EPM 25439	Application

Quarterly Activities Report

For the 3 months ended 31 March 2014



Mining tenements acquired during the Quarter and their location:

Mt Isa – Northern Hub	
Mt Remarkable	
EPM 17914	Acquired 100%
Mt Isa – Southern Hub	
Fountain Range	
EPM 18980	Granted 100%

Mining tenements disposed of during the Quarter and their location:

Nil.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter:

Farm-in Agreements

Syndicated has an 80% interest in tenements EPM14916, EPM14281 and EPM15070 under the Mt Isa Other Minerals Farm-in and Joint Venture Agreement with Deep Yellow Limited. This interest did not change during the Quarter.

Farm-out Agreements

Syndicated is in Joint Venture with CopperChem Limited over portions of tenements EPM15564 and EPM18492 and all of EPM16112 whereby CopperChem may earn a 50% interest in these tenements by funding and managing a feasibility study over the Barbara Project up to a decision to mine. As at the end of the quarter the feasibility study was ongoing and the relevant interest had not been earned.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the Quarter:

Nil.