

SEPTEMBER 2013 QUARTERLY ACTIVITIES REPORT

Pivotal Quarter for Syndicated with CopperChem Deal, Barbara JV and new exploration push

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 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

- Two agreements completed with CopperChem, finalising a 50/50 joint venture to explore and develop the Barbara Copper-Gold Project.
- CopperChem became SMD's largest shareholder with a cornerstone 18.9% stake by subscribing for a \$522,000 share placement and acquiring Santana Minerals' 7% holding.
- CopperChem funded the \$1M purchase of Orbis Gold's interest in some of the Barbara tenements, rationalising and consolidating Project ownership.
- Syndicated agrees to sell 49% interest in Pelican JV (EPM 13870) to a subsidiary of Santana Minerals, for \$100,000 cash while retaining a 2% NSR on future metal production from EPM 13870.
- CopperChem and Exco Resources CEO Brendan James appointed as Non-Executive Director.
- Four prospective copper mineralised trends confirmed by soil sampling at Mt Remarkable.
- Regional soil sampling identifies mineralisation controls at the Blockade Copper-Gold Project.



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 (30/9/2013):
 \$9.3 million (at 4.6¢ per share)
 Issued Capital (30/9/2013):
 203.9 million ordinary shares
 20.3 million listed options
 19.7 million unlisted options
 13.2 million performance rights

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ASX CODE: SMD





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For the 3 months ended 30 September 2013



Overview

The September 2013 Quarter was a milestone period for Syndicated, with the Company putting in place the key foundations required to underpin its entry to the copper business in the world-class Mt Isa region of Northwest Queensland.

On 16 September 2013 the Company announced that it had secured the technical, financial and corporate backing of CopperChem Limited, a wholly-owned subsidiary of the WH Soul Pattinson Group (ASX: SOL), an ASX-100 listed company.

Syndicated executed two agreements with CopperChem for the joint exploration and development of the Company's flagship Barbara Copper-Gold Project, located 60km north-east of Mt Isa in North Queensland, crystallising the transactions outlined in the MOU with Exco Resources which were announced on 3 June 2013.

In addition, CopperChem agreed to subscribe for 26.1 million fully-paid Syndicated shares at an issue price of 2 cents per share and, separately, agreed to an off-market purchase of 12.5 million shares held by Santana Minerals, representing a 7% stake in Syndicated.

These two equity transactions resulted in CopperChem becoming Syndicated's largest shareholder with a cornerstone holding of approximately 18.9%, as well as being Syndicated's 50/50 joint venture partner on the Barbara Project.

With a major new exploration program scheduled to commence at the Barbara Project in coming weeks as part of the Barbara Joint Venture with CopperChem, this signals the start of an exciting new period of activity and growth for the Company.

Exploration

Mt Remarkable

During the Quarter, the Company reported on a number of positive developments at its 100%-owned Mt Remarkable Project, located 60km north-east of Mount Isa in North Queensland, including the identification of multiple new copper-gold exploration targets within the Corella Formation, south of the flagship Barbara Project.

The delineation of new prospects and trends – identified through successful programs of regional soil sampling completed recently – has opened up the potential for additional high-grade copper mineralisation in this area. This further strengthens the Company's pipeline of regional exploration targets within economic haulage distance of the Barbara Project.

The new targets will be further assessed through mapping, ground-based geophysics and drilling.

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Exploration – EPM 13903 & EPM 15564

In the June Quarter the Company completed a regional soil sampling program covering its 100%-owned tenements, EPM 13903 and EPM 15564. The program was undertaken over an area of the prospective Corella Formation, located between 5km and 15km to the south of the Barbara Project (see Figure 1).

The program of work was part of the larger Mt Remarkable soil sampling program, which has been conducted over the area since early April 2013. The program aims to identify prospective geochemical trends and prospects for further geological investigation.

The Mt Remarkable soil program has been successful in identifying a number of new trends and prospects, as well as providing baseline data for correlating background soil geochemical responses of the prospective geological domains contained within the overall Mt Remarkable tenement package.

The Mt Stewart-Mt Devine program area is located over the Corella Formation, which mainly comprises interbedded siltstones, sandstones and limestone rocks. The area has been structurally thickened by a north-northwest trending thrust fault, which traverses through the centre of the sample area (see Figure 1).

In total, 1,470 soil samples were collected on a 400m x 50m grid, covering an area of approximately 8km by 2km over the prospective Mt Stewart-Mt Devine corridor. Sampling utilised the -80 micron fraction of the soil sample. Analysis was completed for 22 elements by using Niton portable XRF. The analysis has resulted in the delineation of four prospective copper-in-soil mineralisation trends (see Figure 1), including:

- Mt Hutchinson-Lazar
- Mt Devine
- Imposition-Bonus
- Mt Stewart-Toro

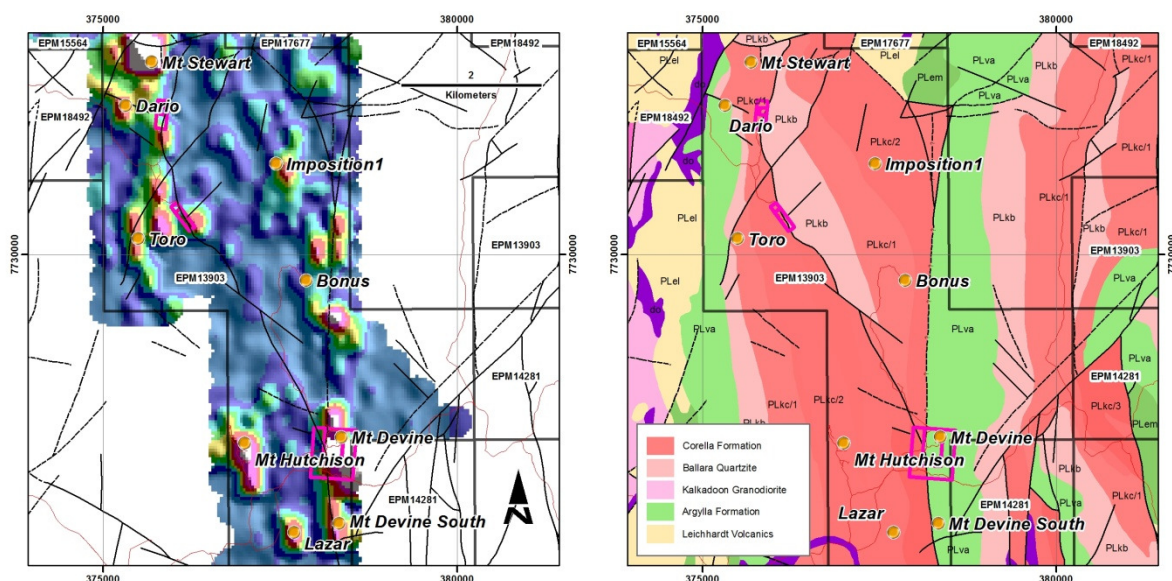


Figure 1



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The copper mineralisation trends delineated are all located on geological structures – mainly thrust faults – which traverse the area. With the exception of the Mt Devine trend, all trends are oriented in a northwest-southeast direction. Previous work around the Barbara Project area has shown this to be the most prospective orientation for high-grade copper mineralisation. A number of the mineralised trends contain small, historic workings such as those at Mt Stewart, Calypso and Mt Devine.

At the Mt Hutchinson-Lazar Trend, the area has significant exposures of large scale, quartz-hematite breccias, widespread hematite alteration and gossan development.

Previous exploration by Syndicated Metals in 2008 targeted this mineralisation at the Mt Hutchison prospect with four RC drill holes. The drilling defined a 70m wide zone of low-grade copper mineralisation over a strike length of approximately 600m. The presence of low-grade mineralisation over a substantial area at Mt Hutchinson provides evidence that this trend has been exposed to significant copper mineralised fluids.

The soil sampling program has defined a 5km long copper-in-soil anomaly named the Mt Devine Trend on the far east of the project area. The presence of copper “hot spots” at Mt Devine South and Bonus within the trend signifies the location of intersections of north-west trending structures with the Mt Devine Fault. The trend lies along strike from the historic Mt Devine Mine, which produced 1,657 tonnes of ore at approximately 6% Cu in the late 1960s.

Historical drilling at the deposit in the 1970s returned significant intercepts of 91m at 1.08% Cu, 59.9m at 0.7% Cu, 8.7m at 3.14% Cu and 12m at 2.16% Cu. The presence of economic widths and grades within the Mt Devine Trend provides encouragement that similar or larger scale occurrences may exist along the trend.

The Mt Stewart prospect is located in the far north of the area, on the boundary between the Corella Formation and the Leichhardt Volcanics. The Mt Stewart prospect lies in a structurally complex area at the northern end of the north-northwest thrust fault which links the prospect to the Dario and Toro prospects.

The area has been the focus of previous explorers and prospectors with small workings and two drill holes targeting hematite-quartz breccias which returned low grade copper intersections.

Syndicated is very encouraged by the results of the soil sampling program, with the delineation of new prospects and trends significantly expanding the regional exploration potential of the area.

The next phase of work will include detailed mapping, ground geophysics and drilling work, to further refine and enhance the understanding of the prospects.

Blockade

During the Quarter, the Company reported on successful exploration programs at its Blockade Copper-Gold Project, located 60km north-east of Mount Isa in North Queensland, resulting in the identification of new exploration targets within economic haulage distance of the Barbara Copper-Gold Project.

Together with the new targets identified at the Mount Remarkable Project (see ASX Announcement – 14 August 2013), the new discoveries further enhance Syndicated’s regional exploration pipeline in the Mt Isa region and demonstrate

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the success of regional soil geochemistry as a low-cost but highly effective exploration tool.

The Blockade permit, EPM 16197, located 20km south-east of Barbara, was recently purchased by Syndicated from Orbis Gold as part of the Sale and Purchase agreement for the West Leichhardt Joint Venture entered into between Orbis Gold and Syndicated Metals (see ASX announcement – 3 June 2013).

Exploration – EPM 16197

Syndicated has been undertaking a regional soil sampling program covering EPM 16197 since the start of the June 2013 Quarter (see Figure 2).

EPM 16197 lies in a prospective location along the north-east trending Trey Bit Fault.

The tenement contains a number of historic workings, such as, Blue Star, Trey Bit, Iron Duke and IXL. In 2010, the Joint Venture defined an Inferred Mineral Resource of 177,000 tonnes grading 2.31% Cu and 0.27ppm Au at the Blue Star prospect (see Table 1).

Table 1 – Blue Star Mineral Resource Estimate

Type	Inferred Mineral Resource				
	Tonnes	Cu%	Au(ppm)	Cu(tonnes)	Au(oz)
Oxide	3,000	1.16	0.11	40	10
Transitional	26,000	1.48	0.17	390	140
Fresh	147,000	2.48	0.29	3,650	1,370
Total	177,000	2.31	0.27	4,080	1,520

The recent soil sampling program consisted of a 400m by 50m grid covering the entire tenement. Sampling utilised the - 80 micron fraction of the soil sample. Analysis was completed using hand-held Niton XRF. Analysis of the soil sampling at the Blockade Project has identified the three historical copper mineralized trends running through the area:

- the Trey Bit Trend;
- the Blue Star Trend; and
- the Blockade Trend.

Each of these trends is defined by a +100ppm linear soil anomaly. The copper anomalies are hosted within the Leichhardt Volcanic rocks and associated with Dolerite dykes (see Figure 2). In addition, new mineralised trends have also been outlined at the IXL and Central prospects, both of which lie in the now familiar northwest-southeast orientation which is prospective for high-grade copper mineralization in the district.

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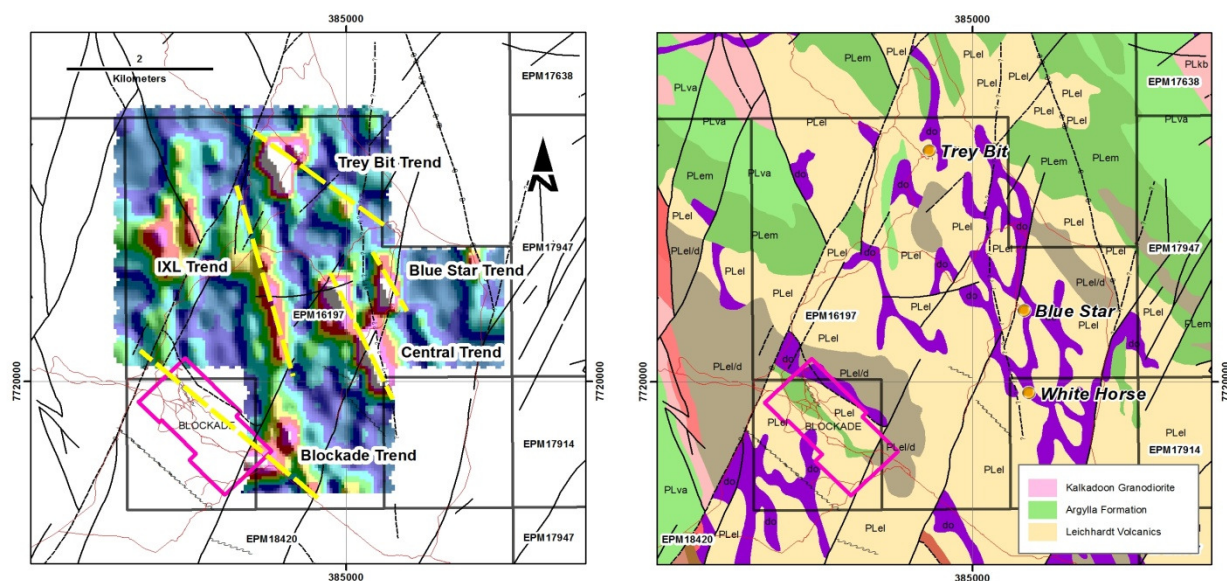


Figure 2

The Trey Bit Trend is located in the north of the project area. The soil geochemistry outlines a soil anomaly 1.8km by 100m long above 200ppm Cu. The anomaly is made up of three anomalies corresponding to the Trey Bit, Blue Bottle and Gossip West historical workings. Each of the anomalies lies adjacent to or on the margin of a dolerite dyke.

The Blue Star Trend is located in the east of the project area and hosts the Blue Star Mineral Resource, which sits at the centre of the soil anomaly. The soil geochemistry has outlined an anomaly 1km by 100m in size. The deposit is hosted adjacent to and within a dolerite dyke. The trend is offset by a north-east trending fault, which is parallel to the Trey Bit Fault.

The largest soil anomaly is located in the Central Trend. This anomaly is located around the historic workings of the Delta, Little Pop and Norma prospects. This anomaly has a strike length of 1.5km and is up to 300m wide with a maximum grade of 2,120ppm Cu.

The IXL Trend is located between the Trey Bit Fault and a second parallel fault located to the east. The copper mineralisation is hosted within Leichhardt Volcanic rocks and lies parallel to a dolerite dyke. The anomaly is 1.5km long and 50m wide, with a highest copper value of 451ppm Cu.

The Blockade Trend lies south-east from the Blockade Mine (excised) (see Figure 2). The soil sampling program has identified the continuation of mineralisation a further 500m to the south-east from the excised tenement boundary. This trend has previously been exploited by historical workings within EPM 16197. These anomalies are defined by multiple soil samples which have copper values greater than +250ppm Cu.

The presence of widespread copper-in-soil anomalism, particularly on new mineralised trends, is considered to be highly encouraging. Follow-up geological mapping, ground geophysics and drilling is planned to further evaluate the prospects identified to date.



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Corporate

CopperChem Joint Venture and Share Placement

On 16 September 2013, the Company announced that it had secured the technical, financial and corporate backing of CopperChem Limited, a wholly-owned subsidiary of the WH Soul Pattinson Group (ASX: SOL), as part of a strategic alliance to underpin its transition to copper producer in North Queensland.

Syndicated executed two agreements with CopperChem for the joint exploration and development of the Company's flagship Barbara Copper-Gold Project, located 60km north-east of Mt Isa in North Queensland, crystallising the transactions outlined in the MOU with Exco Resources which were announced on 3 June 2013.

Both CopperChem and Exco are wholly-owned subsidiaries of WH Soul Pattinson, with CopperChem holding the copper processing facilities located at Cloncurry which would be used to process Barbara ore.

In addition, CopperChem agreed to subscribe for 26.1 million fully-paid Syndicated shares at an issue price of 2 cents per share and, separately, agreed to an off-market purchase of 12.5 million shares held by Santana Minerals, representing a 7% stake in Syndicated. The Placement was conducted under the Company's 15% placement capacity.

These two equity transactions resulted in CopperChem becoming Syndicated's largest shareholder with a cornerstone holding of approximately 18.9%, as well as being Syndicated's 50/50 joint venture partner on the Barbara Project.

The Placement Agreement allowed for CopperChem to nominate one member to the Board of Directors of Syndicated in the event that CopperChem maintains between a 15% and 19.9% shareholding in the Company.

The Placement Agreement requires application by Syndicated for waiver by the ASX of Listing Rule 6.18 whereby CopperChem may maintain its ownership of Syndicated in any future Equity Security issues by the Company. The waiver application has been prepared and submitted to ASX for consideration.

In addition, Syndicated and CopperChem entered into a Development Joint Venture Agreement for the mining and processing phase of the project that provides the framework of the relationship of the parties should they make a Decision-to-Mine, following completion of the Feasibility Study.

The Agreements provide a secure and clear development pathway for the Barbara Project while at the same time enabling Syndicated to unlock the value of its broader tenement holding in the Mt Isa-Cloncurry region.

West Leichhardt Joint Venture Purchase

With the completion of the agreements with CopperChem, the Company executed the previously announced Sale and Purchase Agreement with Orbis Gold to purchase its tenure in the Mt Isa region for \$1.0 million in cash.

CopperChem provided the funding for the purchase of the Orbis Gold tenure under the Barbara Project Agreements discussed above.

The Orbis Gold tenure includes both the West Leichhardt Joint Venture (Orbis 41.3%) and Orbis Gold 100%-owned tenure in the immediate project area. Syndicated now owns all of the former Orbis Gold tenure and has subsequently transferred 50% ownership of the tenure subject to the Barbara Project Agreements to CopperChem.



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Sale of Pelican Joint Venture Interest

Also on 16 September 2013, the Company agreed to sell its 49% interest in the Pelican Joint Venture (tenement EPM 13870), part of its Southern Project Hub in the Mt Isa-Cloncurry district of north-east Queensland, to a subsidiary of Santana Minerals Limited (ASX: SMI), for \$100,000 in cash. Syndicated retained the existing 2% Net Smelter Royalty (NSR) on all future metal production from EPM 13870.

The sale of Syndicated's interest in EPM 13870 brought to an end the Company's involvement with the Pelican Joint Venture and all previous Joint Venture arrangements with Mt Dockerell. Through the NSR, Syndicated will retain exposure to future upside from a potential mine development on the tenement.

The sale of EPM 13870 reduced Syndicated's future expenditure commitment within the Southern Hub tenure by approximately \$200,000 a year and reduces the landholding within the Southern Hub Project by 229km² to 472km².

Appointment of New Non-Executive Director

On 23 September 2013, the Company appointed Mr Brendan James to the position of Non-Executive Director. Mr James is Chief Executive Officer of North Queensland copper producer CopperChem Limited, a wholly-owned subsidiary of the WH Soul Pattinson Group (ASX: SOL).

The appointment follows CopperChem's emergence as Syndicated's cornerstone shareholder following the completion of the transactions outlined above.

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.

Following productive discussions with a group of key Syndicated shareholders, the requisition notice to remove the existing Board of Directors was withdrawn on 2 August 2013.

Cash Reserves

As at 30 September 2013, the Company had cash reserves of \$1.167 million. The Company has no corporate debt and minimal long-term commitments.

Financials

Net cash inflows for the September Quarter totalled \$0.270 million, which was influenced by the capital raising totalling \$0.522 million and the receipt of a Research & Development tax benefit of \$0.313 million. Cash outflows for the December 2013 Quarter are expected to total \$0.56 million, including \$0.30 million of expenditure on exploration field activities.

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Shareholder Information

As at 30 September 2013, the Company had 203,966,755 fully paid ordinary shares on issue and approximately 650 shareholders. The top 20 shareholders held 54.4% of the Company. During the Quarter the Company issued 26,100,000 fully paid ordinary shares to CopperChem Limited as detailed above.

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.

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.

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.