

MARCH 2013 QUARTERLY REPORT

Syndicated Metals Limited (Syndicated) (ASX:SMD) is focused on building a substantial, long-term base metals and gold business through a strategic program of exploration, discovery and acquisition within its extensive tenement holdings which cover more than 3,300 km² in the world-class Mount Isa region of Northwest Queensland.

Quarter Highlights

- Excellent initial results received from metallurgical testwork on ore from the Barbara Copper-Gold Project, with copper recoveries of up to 98% achieved.
- Mining Development Application for Barbara submitted to the Queensland DNRM.
- Soil sampling commenced targeting additional surface mineralisation with the potential to complement the existing Barbara Indicated and Inferred Mineral Resource of 5.3Mt grading 1.7% Cu Eq for 89,000 tonnes copper equivalent.
- Syndicated withdraws from the Kalman Joint Venture with Cerro Resources (ASX: CJO), eliminating a requirement to spend a further \$1.8M on exploration.
- Pelican JV with Cerro Resources reinstated, in which Syndicated is free-carried for one year.



Board of Directors

Peter Langworthy *Chairman*
 Andrew Munckton *Managing Director*
 David Morgan *Executive Director*
 Jan Hope *Non-Executive Director*

Corporate

ABN: 61 115 768 986
 Market Capitalisation (31/3/2013):
 \$6.6 million (at 3.7¢ per share)
 Issued Capital (31/3/2013):
 177.9 million ordinary shares
 20.3 million listed options
 19.7 million unlisted options
 13.2 million performance rights

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Barbara Metallurgical Testwork and Soil Sampling

During the Quarter, the Company advanced its flagship Barbara Copper Gold Project, located within its Northern Project Hub 50km east of Mt Isa in north-east Queensland (see Figure 1), on a number of fronts.

Key activities undertaken during the Quarter included advanced programs of metallurgical testwork on Barbara ore which delivered excellent results, the lodgement of a Mining Development Application and the commencement of new exploration programs targeting additional surface mineralisation with the potential to complement the existing Mineral Resource inventory.

Metallurgy

In November 2012, Syndicated commenced a second batch of testwork 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.

A total of 492 samples were collected across the strike and depth extent of the orebody. Samples have been categorised by domain and composite samples of each domain made from weighting of individual samples by intersection length. All samples are of sulphide ore and were chosen according to the availability of core samples. The samples collected cover both material that is expected to fall within an open pit development and deeper potential underground mining positions. They also cover both the Syndicated 100% owned and West Leichardt Joint Venture (WLJV) owned portion of the Mineral Resource.

Testwork consisted of standard grinding, flotation and reagent addition tests. Results of Rougher flotation tests which have been received to date are presented below. These tests cover a wider range of copper head grades than the previous sighter tests, and represent metal grades which are significantly closer to the expected production grade.

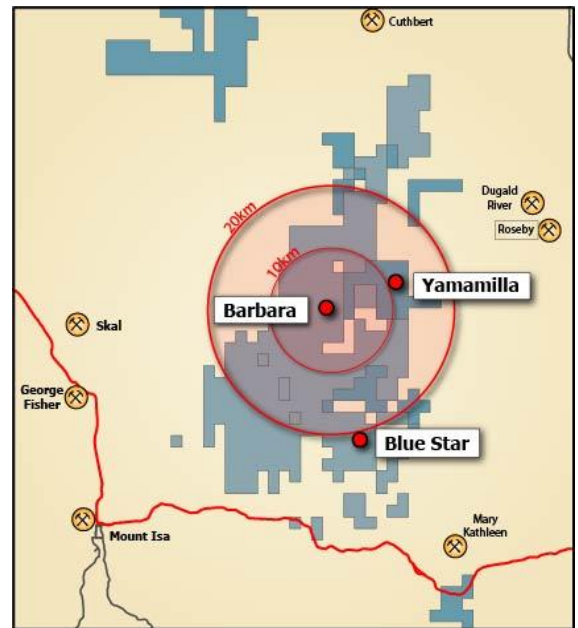


Figure 1 - Barbara Project Location

Hangingwall Domain

		Mass %	Cu %	Co %	Fe %	S %	Au ppm	As ppm
Composite	Head	100	1.90	0.09	13.0	5.91	0.20	900
<u>Rougher Concentrate</u>	Concentrate	11.3	16.5	0.43	38.7	34.5	1.10	4000
106um/4 minutes flotation	Recovery %	-	98.5	52.1	33.6	66.1	65.0	53.3

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
<u>Rougher Concentrate</u>	Concentrate	10.4	18.1	0.38	37.7	33.7	1.10	3800
106um/7 minutes flotation	Recovery %	-	99.4	45.7	29.6	59.0	63.8	41.5

Central Domain

		Mass %	Cu %	Co %	Fe %	S %	Au ppm	As ppm
Composite	Head	100	0.44	0.02	11.7	2.81	0.08	100
<u>Rougher Concentrate</u>	Concentrate	3.0	14.3	0.19	37.6	32.5	1.10	1000
106um/4 minutes flotation	Recovery %	-	98.4	27.7	9.7	34.9	39.5	35.3

Footwall Domain

		Mass %	Cu %	Co %	Fe %	S %	Au ppm	As ppm
Composite	Head	100	0.74	0.04	17.2	7.34	0.12	100
<u>Rougher Concentrate</u>	Concentrate	6.0	12.2	0.20	38.3	33.6	1.19	700
106um/4 minutes flotation	Recovery %	-	98.8	28.0	13.3	27.3	58.9	43.1

Samples showed very fast flotation kinetics for copper with between 98.4% and 99.4% recovery of copper within the first seven minutes of flotation. Rejection of gangue was exceptionally good. Gold recovery of between 39% and 65% and cobalt recovery of between 28% and 52% was also achieved.

Arsenic grade in Rougher concentrates was acceptable with results from the Hangingwall Domain samples lying outside the upper limit of 2000ppm, which confirmed the previous sighter test results.

In general, the results are highly encouraging and demonstrate that 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.

Cleaner concentrate testwork is now proceeding with the aim of determining final Mass% and Copper% recovery while achieving 25% copper in concentrate grade. Arsenic rejection testwork will also be undertaken at the Cleaner flotation stage.

Previously, two metallurgical samples from the Barbara Project were sent for sighter tests to Amdel Laboratories. The samples gave encouraging initial results. However, the samples were selected from relatively high copper and sulphide rich ores and may not have been representative of the Mineral Resource which was subsequently defined at Barbara.

These March 2009 sighter tests resulted in very high mass recoveries to concentrate and copper recoveries of between 98% and 99% to Rougher Concentrate within the first three minutes of flotation, indicating very rapid flotation kinetics for the samples provided.

In addition, Cleaner Concentrate tests showed that overall recoveries of 94-96% copper could be achieved while maintaining a copper concentrate grade of approximately 25% Cu – which is the generally accepted industry standard.

One of the Cleaner Concentrate samples (Sample 1) showed elevated arsenic grades, which is generally considered by smelters to be a deleterious element in copper concentrate when arsenic grade exceeds 2000ppm.

Results of the initial Sighter testwork are tabled below:

Sample 1

	Mass %	Cu %	Fe %	S %	Au ppm	Ag ppm	As ppm
Head grade	100	3.36	19.7	11.5	0.25	5.50	585
<u>Rougher Concentrate</u>							
106um/3 minutes flotation	18.0	19.3	40.8	36.2	1.1	32.0	-
Recovery to Concentrate	-	98.2	36.3	56.3	63.0	94.9	-
<u>Cleaner Concentrate</u>							
106um/3 minutes flotation	14.2	23.1	39.1	34.3	1.07	37.2	2198
Recovery to Concentrate	-	94.1	28.4	46.7	65.1	88.5	53.7

Sample 2

	Mass %	Cu %	Fe %	S %	Au ppm	Ag ppm	As ppm
Head grade	100	5.03	16.3	9.2	0.4	7.3	92
<u>Rougher Concentrate</u>							
106um/3 minutes flotation	19.3	26.5	34.4	34.8	1.5	41	-
Recovery to Concentrate	-	98.6	40.7	74.9	60.9	95.8	-
<u>Cleaner Concentrate</u>							
106um/3 minutes flotation	18.3	25.8	34.1	33.0	1.17	39	277
Recovery to Concentrate	-	95.7	38.9	72.1	54.1	92.3	52

It should be noted that the copper and sulphide head grades of each of these samples was well outside the expected production grade from the proposed open pit as defined in the 2011 Scoping Study. Both samples were sourced from cores associated with the highest grade section of the Hangingwall copper mineralisation.

The samples represented a “best case scenario” in the event that underground mining became the main method of ore extraction for the Barbara development.

Both the sighter tests and domain composite test results indicate that acceptable quality copper concentrate at high copper recovery can be achieved from the expected production grade ores at Barbara.

Development Lease Application

During the Quarter, Syndicated prepared and submitted two Mining Development Lease (MDL) Applications for the Barbara deposit to the Queensland Department of Natural Resources and Mines (DNRM).

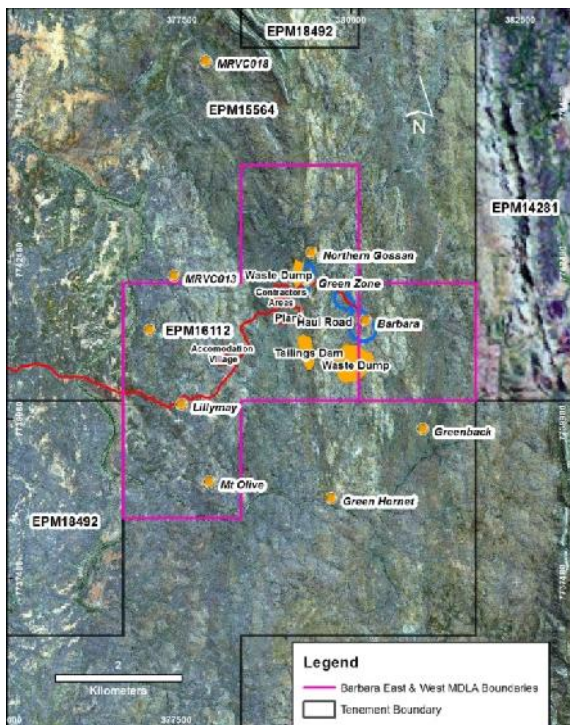


Figure 2 – Barbara MDL Applications

One MDL Application covers the bulk of the development area, including the western part of the Barbara deposit. This application covers tenement EPM16112, which is owned by the West Leichardt Joint Venture (WLJV), of which SMD has a 55% beneficial interest.

The other MDL Application covers part of EPM15564 and contains the extension to the south-east of the Barbara ore zone (see Figure 2).

The MDL Applications secure the tenure which surrounds the Barbara deposit for a further 5 years, eliminating the need to reduce the size of EPM16112 and EPM15564, both of which were due for reduction in 2013 and 2014 respectively as required by the DNRM.

The MDL allows bulk sampling and pilot scale testwork to be undertaken on ore from Barbara or other deposits within the MDL. The Application represents an upgraded level of tenure which is more appropriate for a project at Barbara’s stage of development. An MDL is a precursor to a full Mining Lease Application which would require further upgrading of Mineral Resources and a Development Impact Assessment prior to grant.

The MDL Applications have been designed to cover a number of other potentially mineralised zones including the Green Zone, Northern Gossan, Mt Olive and Lilly May prospects.

Exploration Opportunities

A technical review of the exploration potential of the Barbara Project has highlighted areas where potential for similar high-grade, Barbara-style copper-gold-cobalt mineralisation may be present.

In particular, several parallel structures similar to the Barbara Shear have been identified immediately surrounding the Barbara deposit.

A regional soil geochemical survey and accompanying geological mapping program commenced on 21 March over the immediate targets in the area. The soil sampling program is scheduled to be completed by late April 2013 (see Figure 3).

Follow-up soil geochemistry, ground-based geophysics and drilling are expected to follow if suitable anomalism is encountered.

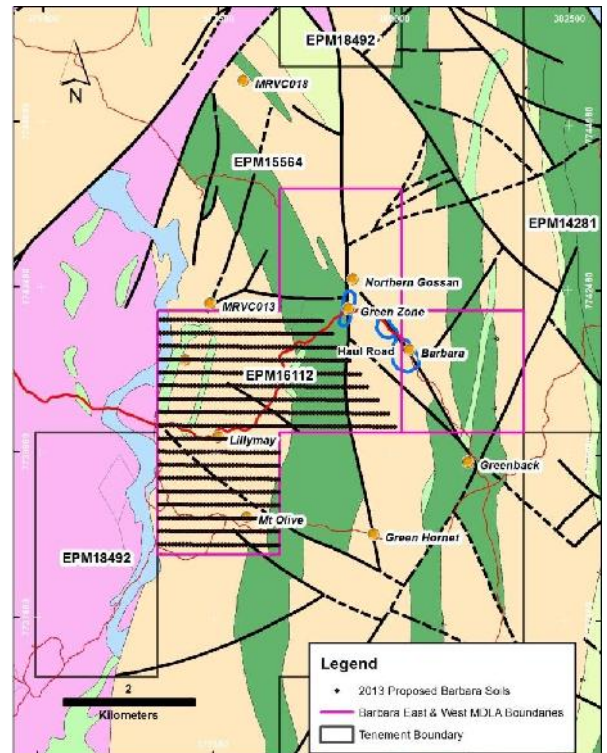


Figure 3 – 2013 Soil Sampling and Mapping Program

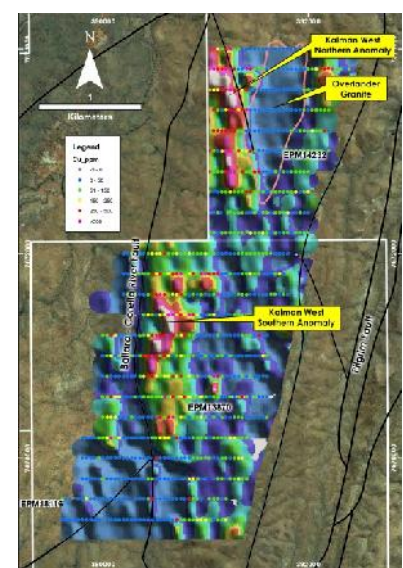
Soil Survey at Kalman West

During the Quarter, the Company discovered extensive new zones of anomalous copper-gold-molybdenum following a substantial soil sampling program at the Kalman West Project, located approximately 60km south-east of Mt Isa in North Queensland within the Kalman Joint Venture.

Kalman West forms part of Syndicated’s Southern Hub Project, which is located 75km south of its flagship Barbara Copper-Gold Project.

The large-scale soil sampling program was completed over the Kalman West Project in November 2012 to test the soil response to previous stream sediment sampling which had indicated copper and gold anomalism in the Kalman West area.

The Kalman West Prospect lies approximately 2km west of the Kalman polymetallic deposit, which contains Mineral Resources totalling 62.9 million tonnes at 0.38% Cu, 0.18g/t Au, 0.05% Mo, 1.26g/t Re and 1.0g/t Ag.



Soil Sampling Program

A total of 974 samples were collected on a 200m x 50m grid by Terrasearch and were analysed by ACME Laboratories of Vancouver for a suite of elements including copper, gold, molybdenum and other indicator minerals. Figure 4 illustrates the extensive nature of the copper in soil anomalism and also illustrates the sample locations of the program.

The program was successful in defining two, 1,500m long linear zones of enrichment with copper, gold and molybdenum anomalism illustrated in Figures 5, 6 & 7 respectively.

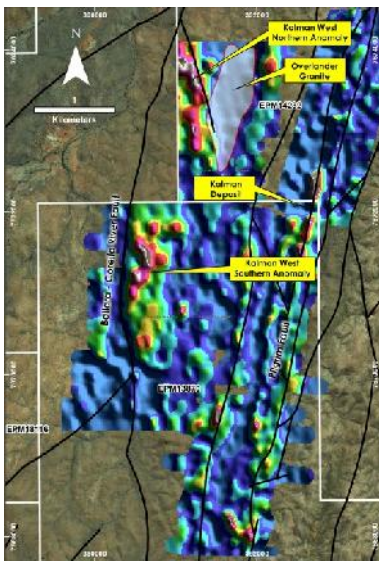


Figure 5 – Copper in soil image

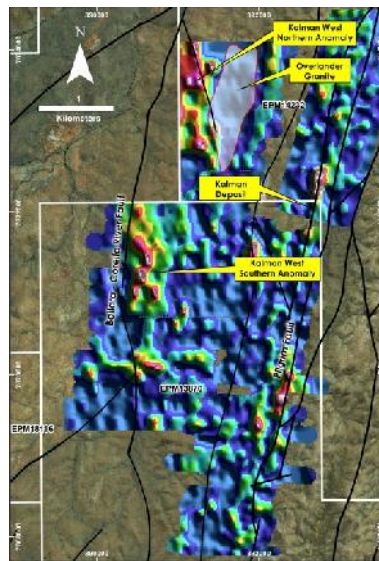


Figure 6 – Gold in soil image

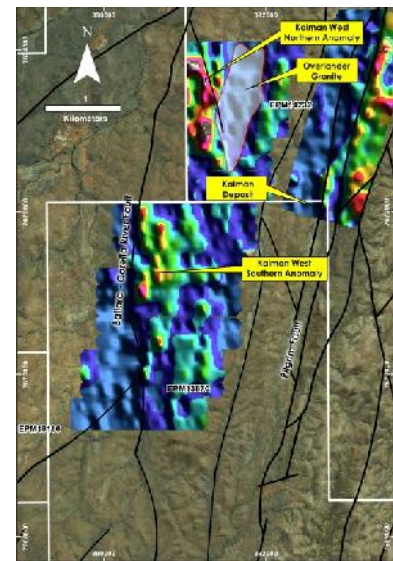


Figure 7 – Molybdenum in soil image

The Kalman West anomalies have sharp boundaries along the eastern contact of EMP14232 which is interpreted to be the position of the Ballara-Corella River Fault (see Figures 4, 5, 6 and 7) – which runs parallel to the major, regional-scale Pilgrim Fault, but is considered to be a second-order fault. The Pilgrim Fault lies approximately 2km to the east. The Kalman polymetallic deposit sits on the Pilgrim Fault.

The Kalman West northern anomaly lies in an encouraging structural location at the junction of the Ballara-Corella River Fault and a north-westerly fault. The convergence of these two faults provides a prospective trap site for potential polymetallic mineralisation typical of and characterised by the nearby Kalman Mineral Resource.

The southern portion of the Kalman West anomaly lies on EMP13870 and east of the interpreted position of the Ballara-Corella River Fault, and is characterised by elevated copper and gold anomalism with suppressed molybdenum anomalism compared to the northern portion of the anomaly. It is considered similar in style to the nearby Overlander mineralisation where historical percussion and diamond drilling has intersected copper mineralisation with results including:

- 25m @ 1.58% Cu in N12
- 35m @ 1.06% Cu in N13
- 12.95m @ 2.16% Cu in DDH01

The Kalman West soil geochemical signature is significantly larger and more continuous than the soil geochemical signature associated with the Kalman deposit. Figures 5, 6 and 7 illustrate the soil geochemical signatures over both the Kalman West anomalies and the Kalman polymetallic deposit.

The two main identified anomalies – the northern anomaly and the southern anomaly – have some similarities but also have significant differences in their geochemical signatures, which Syndicated Metals believes reflects their different structural locations and proximity to the Overlander Granite.

The signature of the northern anomaly suggests potential “Kalman-style” mineralisation by the presence of strongly elevated molybdenum as well as copper and gold anomalism. The geochemical signature of the southern anomaly suggest a copper and gold dominant mineralisation with only minor molybdenum anomalism – a style similar to the higher grade Overlander deposit located a further 2km west of Kalman West.

Indicator mineral anomalism also shows that the northern and southern anomalies have further differences, the significance of which is not yet appreciated. However, the Company considers that the close spatial association of the northern anomaly with the Overlander Granite may have a significant impact on the style of mineralisation as well as the geometry of the underlying mineral system.

Kalman Joint Venture Withdrawal

Subsequent to the end of the Quarter, on 3 April the Company formally withdrew from the Kalman Joint Venture with Mt Dockerell (a 100%-owned subsidiary of Cerro Resources), 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 Mt Dockerell (the vendor) \$2.0 million in shares; and
- Completing \$4.0 million of Earn-In Expenditure within 2 years.

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

- Paying Mt Dockerell a further \$1.0 million in shares; and
- Spending a further \$7.0 million of Earn-In Expenditure within 3.5 years.

Syndicated Metals had to spend a minimum of \$2.0 million of Earn-In Expenditure before withdrawing from the Joint Venture Agreement. Syndicated has completed approximately \$2.2 million of Earn-In expenditure to date, however in the current market conditions and with only a few months remaining in the Earn-In period, the Company believes that it is not in the best interests of shareholders to spend the remaining \$1.8 million required to complete the Earn-In to the Kalman JV.

Pelican JV

The arrangements between Syndicated and Mt Dockerell will now revert 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 Kalman JV and Pelican JV tenure.

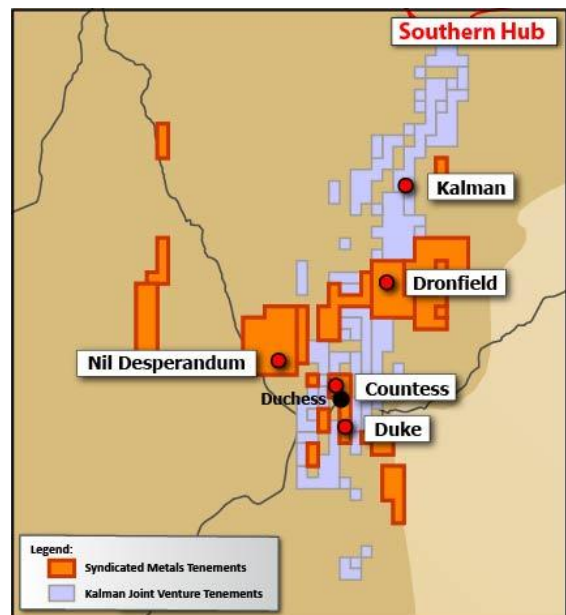


Figure 8 – SMD and Kalman JV tenements

QUARTERLY ACTIVITIES REPORT



Corporate

Cash reserves

At 31 March 2013, the Company had cash reserves of \$1.87 million. The Company has no corporate debt and minimal long-term commitments.

Financials

Net cash outflows for the March Quarter totalled \$1.026 million.

Cash outflows for the June 2013 Quarter are expected to total \$0.97 million, with \$0.67m of this amount comprising expenditure on exploration field activities.

Shareholder Information

As at 31 March 2013, the Company had 177,866,755 fully paid ordinary shares on issue and approximately 666 shareholders. The top 20 shareholders held 48% of the Company. 1,500,000 restricted fully paid ordinary shares were released from escrow on 31 January 2013.

Listed options on issue total 20,318,468 with 19,756,757 unlisted options and 13,200,000 performance rights, 450,000 of which were issued during the quarter.

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 (MAAusIMM) 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 is focused on building a substantial, long-term base metals and gold business in the Mount Isa region of Northwest Queensland, one of Australia's premier mining regions.

The Company is building on its already significant Mineral Resource inventory in the Mount Isa region where it now has interest in tenements covering an area of 3,327km². Syndicated's core focus is on its flagship Barbara Copper-Gold Project, where the copper-gold resource is advancing towards production. The Barbara Project is located within 60 kilometres of existing infrastructure within the Mount Isa region with near surface copper-gold at several exploration prospects considered likely to complement the existing resources, boosting the potential for early mine development.

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.