Assets, Experience, Growth

ASX ANNOUNCEMENT – 2 April 2013

BARBARA UPDATE

Highlights

- **Excellent initial results received from Barbara metallurgical testwork, with copper recoveries of up to 98% achieved.**
- **Mining Development Application for Barbara submitted to Queensland DNRM.**
- **Soil sampling commenced targeting additional surface mineralisation with the potential to complement the existing Barbara Mineral Resources.**

Syndicated Metals Limited (ASX: SMD) is pleased to advise that it has advanced on a number of fronts, the Barbara Copper-Gold Project, located within its Northern Project Hub, 50km east of Mt Isa in north-east Queensland (*see Figure 1*).

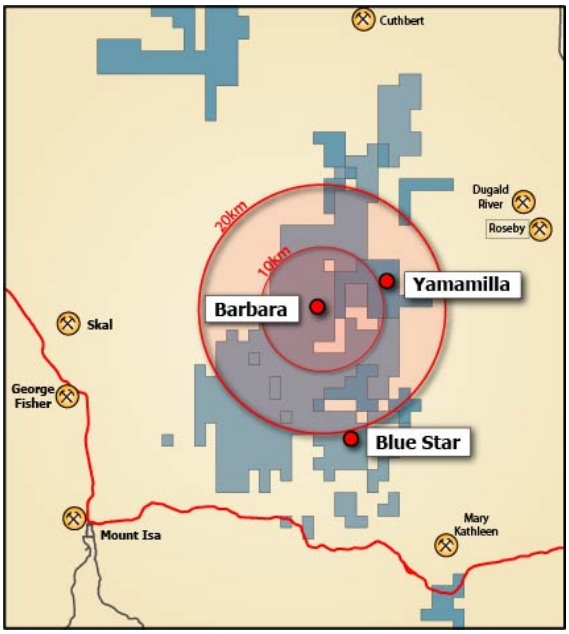

Figure 1 - Barbara Project Location

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.

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
Rougher Concentrate	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
Rougher Concentrate	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
Rougher Concentrate	Concentrate	3.0	14.3	0.20	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
Rougher Concentrate	Concentrate	6.0	12.2	0.20	39.3	33.6	1.20	1000
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
Rougher Concentrate							
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	-
Cleaner Concentrate							
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
Rougher Concentrate							
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	-
Cleaner Concentrate							
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

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

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 EPM 15564 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.

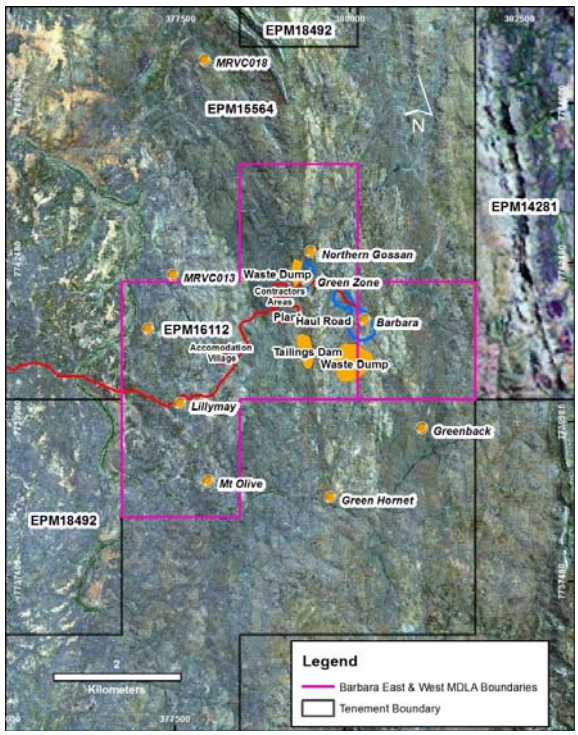

Figure 2 – Barbara MDL Applications

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

The technical review 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.

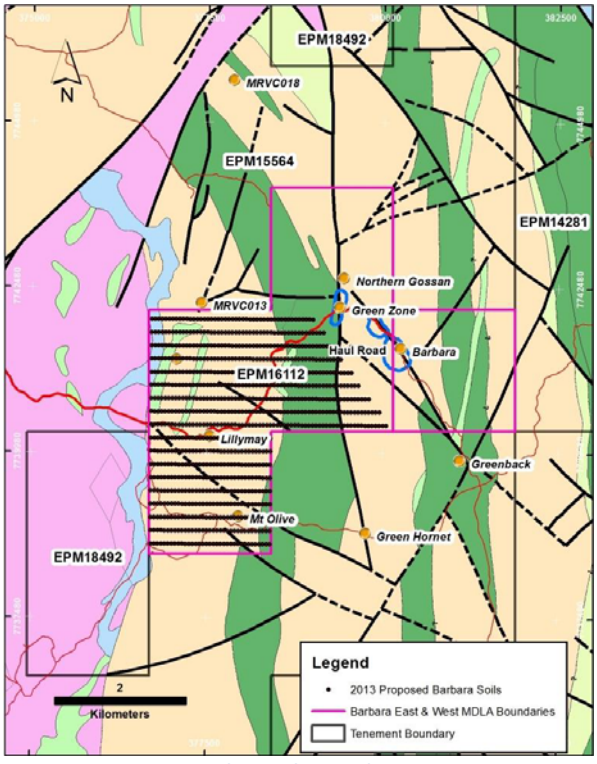

Figure 3 – 2013 Soil Sampling and Mapping Program

ENDS

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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 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.