

ASX ANNOUNCEMENT – 18 July 2013

COMPANY UPDATE

Further to the notice received on 4 July 2013 under section 249D of the Corporations Act requisitioning a General Meeting to remove the current Board (*see releases of 4 July and 15 July 2013*), Syndicated Metals Limited (ASX: SMD – “Syndicated” or “the Company”) provides the following company update.

As advised earlier this week, 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.

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.

MOU with Exco Resources

Syndicated is currently completing the final documentation required to execute a formal agreement with Exco Resources for the joint exploration and development of the Company’s Barbara Copper-Gold Project, located 60km north-east of Mt Isa in North Queensland.

As outlined in the ASX Announcement of 3 June 2013, the MOU on which the Agreements are being based provides for Exco to 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 Agreements 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.

Exco has advised Syndicated that, as a result of the 249D notice (see above) and the resultant uncertainty surrounding the future management of the Company, it will progress but will not execute the Agreements until such a time that Exco are satisfied with the Management of Syndicated Metals, and that the 249D notice process has been concluded.

The execution of the Agreements is and remains subject to the approval of both the Board of Exco Resources and the Board of Syndicated Metals.

The Company has applied to Orbis Gold for an extension of the execution deadline of the Sale and Purchase Agreement for the Orbis tenure which is to be executed simultaneously with the Barbara JV Agreements. Orbis have indicated they will support the requested extension.

Drilling and Exploration

A program of Reverse Circulation (RC) and diamond drilling was anticipated to commence immediately following execution of the formal agreements with Exco. The proposed Exploration and Drilling program formed part of the earn-in requirements referred to in the MOU and comprised the following elements:

- Exploration drilling to test recently identified targets within a 5km radius of Barbara at Spectre, Lily May and Mt Olive where recently completed systematic soil sampling has defined strong anomalies with similar characteristics to Barbara;
- Deep drilling to test down-plunge extensions of the three main Barbara lodes to establish the potential for future underground operations at Barbara Deeps; and
- In-fill drilling as part of the Barbara Feasibility Study to upgrade the current Mineral Resource inventory to Measured and Indicated status to enable estimation of Ore Reserves and optimisation of open pit designs.

As a result of the 249D action and the uncertainty for the Company surrounding that action the Company is unable to progress pre works associated with the proposed drilling programs.

Therefore, the Company has suspended the works until the 249D action is resolved and Agreements with Exco over the Barbara JV have been executed.

ENDS

For further information:

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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 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.