

ASX ANNOUNCEMENT – 28 October 2015

NEW STRATEGIC DIRECTION FOR SYNDICATED

Key Points:

- **Syndicated announces new corporate and strategic direction following the recently completed Open Pit Feasibility Study on the Barbara Copper Project by CopperChem.**
- **While the Feasibility Study has defined a robust short-term open pit copper operation, the lack of economic treatment options in the Mt Isa region precludes a “dig-and-deliver” style development in the current copper price environment.**
- **Syndicated’s recent efforts to extend the resource base at Barbara via regional exploration in order to increase the potential for a standalone development have not to date yielded any low-cost, near-surface opportunities to delineate additional copper mineralisation.**
- **Accordingly, Syndicated has agreed with CopperChem (its 50% partner at Barbara) that the Joint Venture will pursue other avenues to realise value from its Barbara project.**
- **At the same time, Syndicated will pursue opportunities to acquire new resource assets and project opportunities outside of North Queensland. This includes potential opportunities in the Australian gold and base metal sectors.**
- **While the Company’s new strategic direction is further refined and appropriate transactions concluded, Syndicated has implemented extensive cost savings across the business.**
- **Current Directors will remain, however Board members have all agreed to substantial cuts in their remuneration. This will ensure that the Company’s cash position is appropriately managed while it repositions for future growth.**

Syndicated Metals Limited (ASX: SMD – “Syndicated” or “the Company”) is pleased to advise that it has secured the in-principle backing of its cornerstone shareholder, CopperChem Limited, for the implementation of a new corporate and strategic direction aimed at repositioning the Company for future growth.

The two-pronged strategy is aimed at progressing opportunities to unlock the value of the Company’s existing North Queensland copper assets – including the advanced Barbara copper deposit and Syndicated’s extensive exploration tenure in the region – while at the same time identifying and acquiring new resource assets and project opportunities outside of North Queensland.

Feasibility Study and Exploration Outcomes

The Barbara Open Pit Feasibility Study has defined a robust high-grade copper project (Indicated Mineral Resources of 3.25Mt at 1.71% Cu and Inferred Mineral Resources of 1.49Mt at 1.34% Cu) capable of delivering ~16,223 tonnes of copper over a 21-month project life based on the development of two open pits with ore to be trucked to Mt Isa under a toll-treatment scenario (*refer to the separate ASX Announcement on the Barbara Open Pit Feasibility Study also released today*).

However, there is currently a lack of economic toll-treatment alternatives in the Mt Isa region based on a “dig-and-deliver” style development, a situation which is currently exacerbated by the current level of Treatment Charges and Refining Charges (TC’s and RC’s) which are at cyclical highs within the copper industry.

One of Syndicated’s key strategies this year has been to undertake an extensive regional exploration program in the Barbara region in order to identify opportunities to expand its resource inventory and support the potential for an alternative standalone treatment facility at Barbara.

The Company has recently completed a review of the results of this exploration program (which are discussed in more detail in the Feasibility Study announcement released today).

While recent exploration has delineated a large number of exploration targets – with only a limited number of these opportunities tested by the recent drilling program – the review has concluded that there are limited immediate opportunities, in the short term, to delineate additional Barbara-style mineralisation in the near-surface environment.

New Strategic Direction

Accordingly, Syndicated has reached in-principle agreement with CopperChem to embark on a new strategic direction, which is based on:

- Pursuing alternative avenues and opportunities to progress and/or monetise the Company’s existing North Queensland resource assets, including the Barbara Joint Venture assets; and
- Identifying new resource assets and project opportunities outside of North Queensland with the potential to create value for Syndicated shareholders, including projects where the Company can leverage the experience and contact network of its Board of Directors.

It should be noted that CopperChem’s support of this strategy is conditional on any new opportunities being consistent with CopperChem’s corporate and strategic objectives, and each asset or opportunity will be assessed on a case-by-case basis.

Syndicated remains open-minded about which assets and opportunities it will pursue, but its preference is for advanced, high quality Australian gold and/or base metals resource assets.

Cost Reductions

In light of the Company’s new strategic direction, Syndicated has implemented a number of Board, management and corporate changes as part of an ongoing cost reduction program across all aspects of its operations to ensure that it appropriately manages its cash position and remains well placed for future growth.

The Company will retain its current Managing Director and three Non-executive Director positions, however the Board and Managing Director have agreed to reduce their remuneration levels by 33% effective 1 October 2015.

The revised remuneration of the Managing Director will consist of a gross salary of \$173,905 per annum plus statutory superannuation at 9.50%. A no diminished benefits clause will protect the value of the existing termination and redundancy clauses contained within the Managing Director's Service Agreement at pre-1 October 2015 levels. All other terms and conditions within the Service Agreement will remain unchanged.

Following the cost reductions, the Chairman's remuneration will be \$42,210 per annum and the Non-executive Directors' remuneration will be \$27,949 per annum.

The Company will also be reducing costs in relation to its current office space both in Perth and Mt Isa. The Mt Isa office lease will be terminated in mid-November and the Company will be seeking to relocate from its existing Perth office location to smaller premises. The Company will engage consultants on a casual basis in order to continue to meet the requirements of its tenement, joint venture, corporate and statutory commitments.

Management Comment

Syndicated's Managing Director, Andrew Munckton, said the Company had decided to act swiftly and decisively after reviewing the results of the Barbara Open Pit Feasibility Study and our stated intention to seek alternative development options for the Barbara Project in conjunction with CopperChem Limited.

"While these are obviously difficult times for the junior resource sector – and it is disappointing and regrettable to have to take such steps to reduce our cost base – it is important that we move quickly to preserve our remaining cash reserves and place the Company in a position where we can reposition for the future.

"Importantly, we have the in-principle backing of CopperChem to implement this new corporate direction, which will involve pursuing a number of avenues to unlock the significant value of our North Queensland asset base while at the same time identifying assets which can put the Company on a long-term growth path.

"These processes are already well underway and we are confident that the Board can leverage its skills and experience, both to unlock the inherent value of the copper assets in North Queensland and to identify and secure suitable assets to define the Company's future. We look forward to keeping shareholders informed of our progress in this regard."

ENDS

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