

# SEPTEMBER 2012 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 3,600 km<sup>2</sup> in the world-class Mount Isa region of Northwest Queensland.

## Quarter Highlights

- High-grade, vein-style and lower-grade IOCG-style copper mineralisation intersected at Yamamilla-Floodbird, with results including:
  - 10m @ 1.99% Cu incl. 4m @ 4.57% Cu from 46m;
  - 35m @ 0.33% Cu incl. 4m @ 1.27% Cu from 119m;
  - 13m @ 1.37% Cu incl. 7m @ 1.76% Cu from 119m;
  - 62m @ 0.24% Cu incl. 1m @ 2.34% Cu from 69m.
- High-grade copper potential identified over 1,200m strike length at Barbara Copper Project following reconnaissance drilling and reassessment of previous data.



### Board of Directors

Peter Langworthy *Chairman*  
Andrew Munckton *Managing Director*  
David Morgan *Executive Director*  
Jan Hope *Non-Executive Director*  
Ki Deok (KD) Park *Non-Executive Director*

### Corporate

ABN: 61 115 768 986  
Market Capitalisation (30/9/2012):  
\$12.2 million (at 8.9¢ per share)  
Issued Capital (30/9/2012):  
137.2 million ordinary shares  
19.7 million unlisted options

### Contact Details

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ASX CODE: SMD



## Barbara Exploration and Development

The Barbara Copper-Gold Project is located within the northern part of the Company's Mount Isa Project, approximately 50 kilometres to the east of Mt Isa (Figure 1) and straddles EPM15564 and EPM16112. Orbis Gold (Previously Mt Isa Metals) currently own 49% of EPM16112 and have elected to dilute their ownership. Syndicated is sole funding exploration on this tenement and increasing its ownership.

The Barbara Shear Zone extends for a strike length of approximately 4 kilometres and currently hosts a JORC-classified Indicated and Inferred Mineral Resource of 5.3 million tonnes at 1.4% Cu, 0.1g/t Au and 0.03% Co at a cut-off-grade of 0.5% Cu (Figure 1).

At the Barbara Project, the Company completed two Reverse Circulation (RC) drill holes during the Quarter to test for high-grade Cu-Au-Co mineralisation to the north of the existing Indicated and Inferred Mineral Resource.

High-grade copper-gold mineralisation and low-grade copper-cobalt mineralisation was intersected. Results include:

- BARC071 – 16m @ 0.50% Cu and 0.15% Co from 147m (including 2m @ 2.14%Cu and 0.33% Co);
- BARC072 – 11m @ 0.11% Cu and 0.16% Co from 214m.

A further hole (NGRC005) was drilled at the Northern Gossan prospect which did not intersect significant mineralisation. Drilling details are summarised in Appendix 1.

A down-hole electro-magnetics (DHEM) survey was completed in the Barbara drill holes which indicated conductive plates below and to the south of the drill-hole locations. Drill-hole and DHEM plate locations relative to the existing drilling and Mineral Resources are illustrated in Figure 1.

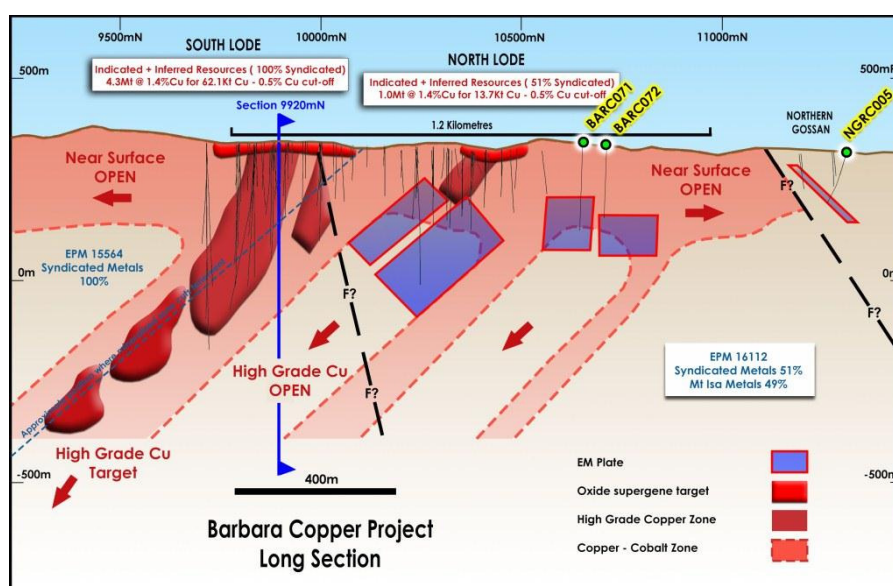


Figure 1



Following a thorough reassessment of the exploration and Mineral Resource evaluation data, Syndicated has established the potential to significantly build on and improve the established Mineral Resources at Barbara.

Most important is the potential to identify substantial zones of high-grade copper-gold mineralisation in three zones immediately down-plunge of the existing Mineral Resource and a new and improved understanding of the mineralisation controls that allows targeting for new zones of mineralisation along the broader length of the Barbara Shear Zone.

Along strike from the Barbara prospect lies the highly prospective but largely untested Greenback to MRVC18 prospects which represent the north and south extent of the Barbara Shear Zone. These prospects span a total of 6km of strike length and represent a priority target to the exploration team to expand upon the Mineral Resources defined at Barbara.

### Yamamilla-Floodbird Exploration

*The Yamamilla Project is located within the northern part of the Company's Mount Isa Project, approximately 60km from Mt Isa and 10km north-east of the Company's advanced Barbara Copper-Gold Project. Yamamilla Project is located on EPM14281, which forms part of the Mt Isa Other Metals Joint Venture with **Deep Yellow Limited**. Syndicated is earning 80% ownership of the Joint Venture and minerals other than uranium by spending \$800,000 over 3 years.*

*The Yamamilla Project covers the southern part of a larger mineralised system that extends for over 10km and is host to both high-grade shear zone related mineralisation and interpreted Iron Oxide Copper Gold ("IOCG") mineralisation (Figure 2).*

At the Yamamilla-Floodbird prospect, the Company completed 10 RC drill holes and DHEM surveys in a maiden program of drilling during the Quarter.

Drilling was aimed at testing a 2.5km long copper-in-soil geochemical anomaly with several coincident VTEM anomalies generated by buried conductive bodies.

Final drilling results were returned subsequent to the end of the Quarter and included:

- YMRC001 – 13 metres @ 0.37% Cu including 1 metre @ 1.16% Cu from 193m;
- YMRC005 – 10 metres @ 1.99% Cu including 4 metres @ 4.57% Cu from 46m;
- YMRC002 – 35 metres @ 0.33% Cu including 4 metres @ 1.27% Cu from 119m;

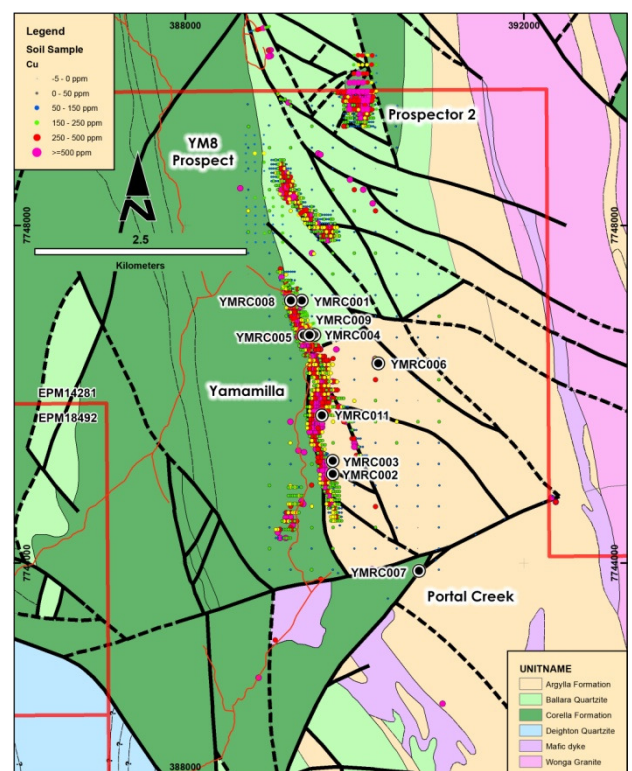


Figure 2

- Detailed assay results are summarised in Appendix 2.

At the northern end of the prospect, the Yamamilla mineralisation is predominantly vein-style and high-grade quartz and chalcopyrite located at the contact of two major geological units called the Corella and Balarra Quartzite Formations.

At Floodbird, located 1,500 metres south of Yamamilla, the mineralisation is Iron Oxide-Copper-Gold (IOCG) style and is significantly wider but generally lower grade than Yamamilla. The mineralisation sits on either side of the geological contact and generally results in smaller and weaker DHEM responses, as expected, because of the disseminated nature of the sulphide mineralisation (see Figure 4).

The diagram is a geological cross-section oriented North (N) at the top. It shows the following elements:

- Geological Units:**
  - CORELLA FORMATION:** The upper green-shaded unit.
  - BALLARA QUARTZITE:** The lower yellow-shaded unit.
- Topography and Elevation:**
  - Surface elevation is marked at 400mRL, 300mRL, and 200mRL.
  - Longitude markers at the top: 389200mE, 389400mE, and 389600mE.
- Surface Geochemistry:**
  - Red dots along the surface represent Cu concentration in ppm, with values: 96, 37, 305, 494, 870, 2440, 145000, 4970, 275, 1455, 324, and 130.
  - A line labeled "Near surface oxide/supergene potential" runs along the surface.
- VTEM Targets and Drill Sites:**
  - YMRC005:** A red dot located within the Corella Formation.
  - YMRC009:** A blue dot located on the surface.
  - YMRC004:** A black dot located on the surface, near the Ballara Quartzite.
- Planned Diamond Tails:**
  - A red shaded area labeled "10m@1.99" is associated with the 145000 ppm Cu point.
  - A yellow shaded area labeled "4m@4.57" is associated with the 1455 ppm Cu point.
  - Two vertical blue lines represent "Planned diamond tail" locations, one at 94m depth and another at 184m depth.
- Other Labels:**
  - VTEM Target:** A label at the bottom center.
  - Section 7746700mN:** A label at the bottom right.

## Southern Hub Exploration

The target generation process has involved reconnaissance geological mapping, surface EM surveys and database searches to identify new or existing mineralisation which warrants immediate follow-up, either with soil sampling or, preferably, drilling.

Three projects have been identified which warrant priority exploration activities, and exploration has commenced on these.



## QUARTERLY ACTIVITIES REPORT

### Dronfield

At Dronfield, historic work by Western Mining Corporation (WMC) in the 1980s identified a sub-surface EM anomaly from a regional geophysical survey coincident with a regional stream sediment geochemical anomaly.

Syndicated Metals has completed a detailed ground EM survey which has defined two strong EM anomalies coincident with the WMC survey (see Figure 5).

These EM anomalies sit underneath anomalous Cu in soil geochemistry some distance away from the Pilgrim Fault. Numerous examples of surface copper mineralisation (malachite and azurite) were present over the area.

The Dronfield anomaly is located adjacent to the Pilgrim Fault – a crustal depth fault which controls several significant copper-molybdenum-gold deposits in the area including the Kalman Project, approximately 15km north of Dronfield. Copper in soil anomalies exist on the Pilgrim Fault and over the highlighted EM anomalies.

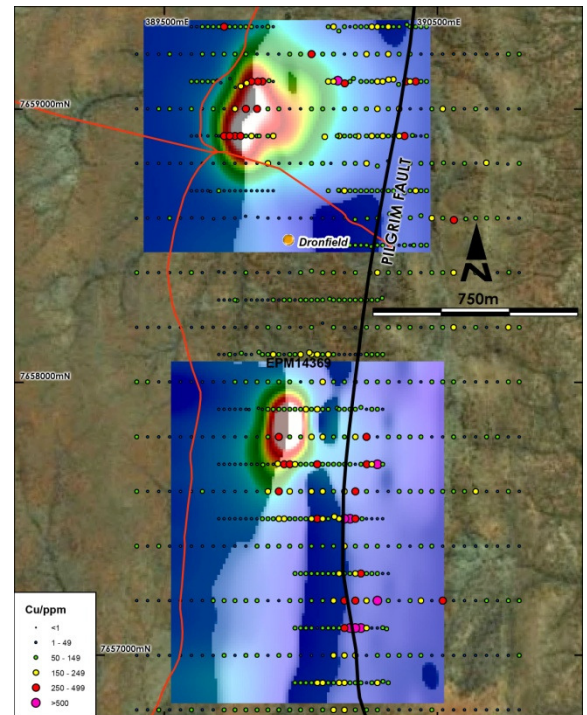


Figure 5

Initial RC drilling is planned to test the EM anomaly and surface soil geochemistry. Extension of the EM survey further north and south is also planned for the December Quarter.

### Duke

As previously advised, the Duke prospect contains a significant soil geochemical anomaly over 1.7km long which lies on the contact of the Wonga Granite with the Corella Formation, approximately 10km south of the town of Duchess (historical production 200,000 tonnes @ 8% Cu).

The Company's plan is to complete further soil geochemical surveys, initially at Duke, to the north of the existing survey. The tenure in this area is awaiting grant from the DNRM Queensland and has been in progress for over 12 months.

### Nil Desperandum

The Nil Desperandum Project was originally explored by MIM in the 1980s; MIM targeted potential sources of high-grade copper to supplement production from their Mt Isa operations at the time.

While searching datasets during the strategic review of the Company completed in the June Quarter, Syndicated identified this project as highly prospective and a key target for follow-up exploration.

## QUARTERLY ACTIVITIES REPORT

Further investigation identified 22 historic Reverse Circulation drill holes over old workings, with intersections including:

- 22 metres at 2.23% Cu; and
- 19 metres at 2.32% Cu.

Small, near-surface mining operations have been undertaken to the south of these drill intersections with an unconfirmed production grade of 5% copper.

The Company has completed an initial EM survey and ground reconnaissance exploration which indicates the presence of EM anomalies over the old workings and numerous examples of surface copper mineralisation.

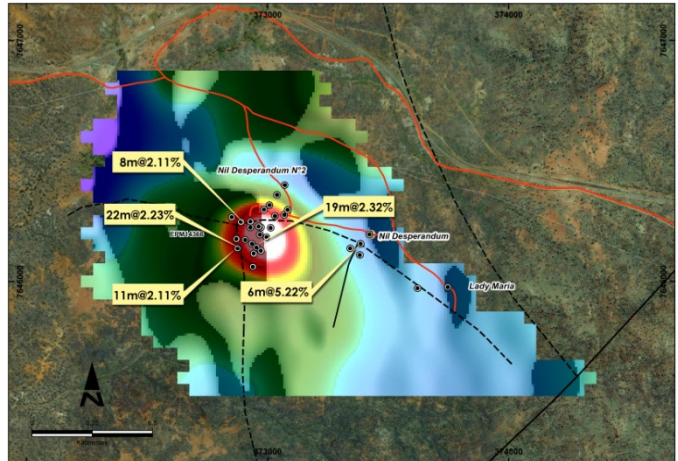


Figure 6

Soil geochemistry covering the areas surrounding the drilling and old workings is planned to test any extensions of the mineralisation indicated to date.

## Corporate

### Fundraising

Subsequent to the end of the Quarter the Company announced that it had been successful in placing 40,637,000 shares at 7 cents per share to raise \$2.85 million to fund its ongoing exploration programs over its copper-gold projects around Mt Isa in North Queensland (see ASX Announcement – 12 October).

Key details of the capital raising include:

- \$2.85 million placement at 7¢ per share with free attaching 1-for-2 option exercisable at 20¢ within 2 years;
- Two-tranche capital raising to sophisticated and professional investors, including clients of Blue Ocean Equities and existing shareholders;
- Tranche 2 shares and all options are subject to shareholder approval at the Company's AGM in November;
- Proceeds to be used to fund exploration on the Company's copper-gold prospects, development work and metallurgical test-work at the Barbara Project and general working capital of the Company.

### Cash reserves

At 30 September 2012, the Company had cash reserves of \$1.455 million. The Company has no corporate debt and minimal long term commitments.



## QUARTERLY ACTIVITIES REPORT



### Financials

Cash outflows for the September quarter totalled \$1.068 million. Cash outflows were offset by receipt of a research and development tax benefit, bank interest and other sundry receipts totalling \$544,000.

Cash outflows for the December quarter are expected to total \$1.06 million predominantly comprising payment of the costs for the recently completed drilling campaign.

### Shareholder Information

As at 30 September 2012, the Company had 129,468,088 fully paid ordinary shares on issue and approximately 640 shareholders. The top 20 shareholders held 57% of the Company. Subsequent to the end of the quarter the Company issued 13,500,000 shares under tranche 1 of the placement announced on 12 October taking the total shares on issue to 142,968,088.

### 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.

### 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 controls tenements covering an area of over 3,600km<sup>2</sup>. Syndicated's key projects include Barbara where the copper-gold resource is advancing towards production and the Kalman (molybdenum-rhenium-copper-gold) deposit. These projects are both located within 60 kilometers of existing infrastructure within the Mount Isa region with near surface copper-gold at several exploration prospects considered likely to complement the existing resources at Barbara and Kalman, boosting the potential for early mine development.

For further information on the Company view our website at:

[syndicatedmetals.com.au](http://syndicatedmetals.com.au)

or contact:

**Andrew Munckton**  
**Managing Director**  
**T: 08 9380 9440**



## QUARTERLY ACTIVITIES REPORT



### APPENDIX 1

| Hole ID | Easting | Northing | Dip | Azimuth    | From (m) | To (m) | Intercept | Cu%          | Au ppm | Co%          |
|---------|---------|----------|-----|------------|----------|--------|-----------|--------------|--------|--------------|
| BARC071 | 379659  | 7742087  | -60 | 55<br>incl | 147      | 163    | 16<br>2   | 0.50<br>2.14 | 0.016  | 0.15<br>0.33 |
| BARC072 | 379608  | 7742126  | -60 | 55         | 214      | 225    | 11        | 0.11         | 0.005  | 0.16         |
| NGRC005 | 379355  | 7742669  | -60 | 090        |          |        |           | NSR          |        |              |



# QUARTERLY ACTIVITIES REPORT

## APPENDIX 2

| Hole ID | Easting | Northing | Dip | Azimuth                         | From (m)   | To (m)   | Intercept                                 | Cu%  | Au ppm  |
|---------|---------|----------|-----|---------------------------------|--|--|---|--|---|
| NGRC005 | 379355  | 7742669  | -60 | 090                             |  |  |   | NSR  |   |
| YMRC001 | 389370  | 7747097  | -60 | 090<br>incl                     | 193<br>193                                       | 206<br>194                                       | 13<br>1                                   | 0.37<br>1.16   |   |
| YMRC002 | 389740  | 7745041  | -60 | 090<br>incl                     | 39<br><b>42</b><br>112<br>131                    | 74<br><b>46</b><br>134<br>133                    | 35<br><b>4</b><br>22<br>2                 | 0.33<br><b>1.27</b><br>0.24<br>0.57                        | 0.06  |
| YMRC003 | 389748  | 7745199  | -60 | 090<br>incl<br><br>incl<br>incl | 119<br><b>119</b><br>138<br>138<br>177<br>186    | 132<br><b>126</b><br>142<br>139<br>189<br>187    | 13<br><b>7</b><br>4<br>1<br>12<br>1       | 1.13<br><b>1.76</b><br>0.51<br>1.23<br>0.36<br>1.11        | 0.16<br><b>0.26</b><br>0.19<br>0.33<br><br>0.14 |
| YMRC004 | 389531  | 7746703  | -60 | 090                             | DID NOT REACH TARGET                             |  |   | NSR  |   |
| YMRC005 | 389420  | 7746697  | -60 | 090<br>incl                     | 46<br><b>48</b>                                  | 56<br><b>52</b>                                  | 10<br><b>4</b>                            | 1.99<br><b>4.57</b>  | 0.12  |
| YMRC006 | 390276  | 7746353  | -60 | 090                             |  |  |   | NSR  |   |
| YMRC007 | 390757  | 7743899  | -60 | 090                             |  |  |   | NSR  |   |
| YMRC008 | 389342  | 7747081  | -60 | 090<br>incl<br><br>incl<br>incl | 41<br>42<br>93<br>95<br><b>110</b><br><b>111</b> | 56<br>43<br>96<br>96<br><b>116</b><br><b>112</b> | 15<br>1<br>3<br>1<br><b>6</b><br><b>1</b> | 0.37<br>1.02<br>0.61<br>1.37<br><b>0.97</b><br><b>4.44</b> | <br><br><br><br><b>0.59</b><br><b>0.10</b>      |
| YMRC009 | 389461  | 7746711  | -60 | 090                             | DID NOT REACH TARGET                             |  |   | NSR  |   |
| YMRC011 | 389647  | 7745756  | -60 | 090<br>incl                     | 69<br>144<br>157                                 | 70<br>206<br>158                                 | 1<br>62<br>1                              | 2.47<br>0.24<br>2.34                                       | 0.15<br><br>0.19                                |