SYNDICATED METALS

Assets, Experience, Growth

ASX ANNOUNCEMENT – 16 December 2014

SYNDICATED EXPANDS LILLYMAY POTENTIAL FOLLOWING MAIDEN JORC COPPER RESOURCE

First step in establishing a regional copper resource inventory outside of Barbara Project

HIGHLIGHTS

- **Maiden JORC 2012 compliant Mineral Resource estimate completed for Lillymay Copper Deposit, located 4km south-west of the Barbara JV Project in North Queensland:**
    - ***Inferred Resource of 225,295t @ 2.3% Cu, 0.02g/t Au, containing 5,250t of copper.***
- **Substantial growth potential confirmed with the resource remaining open along strike and at depth. Current resource based on 18 RC drill holes over a 400m strike length and extending to a depth of 100m below surface in two Lodes.**
- **Further drilling planned in early 2015 targeting resource extensions particularly below the higher grade drilling intersections.**
- **Lillymay is a potential source of high-grade feed to the Barbara Copper-Gold Project.**

Syndicated Metals Limited (ASX: SMD – "Syndicated" or "the Company") is pleased to advise that drilling will resume at its emerging **Lillymay** satellite deposit early in the New Year targeting significant extensions to the high-grade mineralization identified following completion of a maiden JORC 2012 compliant Mineral Resource estimate.

The latest geological interpretation of the Lillymay mineralization suggests that it could comprise multiple shoots of high-grade plunging copper mineralization with similarities to the flagship Barbara copper-gold deposit.

Lillymay is located 4km south-west of Barbara and forms part of the **Barbara Copper-Gold Joint Venture Project** in North Queensland (Figure 1).

The maiden Inferred Resource, of **225,295 tonnes grading 2.33% Cu** for **5,250 tonnes** of contained copper, represents a first step for the Barbara Joint Venture towards establishing a regional copper resource inventory outside of the Barbara deposit itself with potential to contribute high-grade feed to an operation at Barbara.

The Lillymay Mineral Resource estimate is set out in Table 1 below (also refer to Figures 2 and 3 and Appendix 1):

Table 1 – Lillymay deposit, December 2014 Mineral Resource Estimate at 0.5% Cu COG

Resource Class	Domain	Volume m^3	Tonnes	Cu %	Au ppm	S %	Density g/cm^2
Inferred	**Western Lode**	**23,762**	**65,243**	**1.83**	**0.02**	**2.80**	**2.75**
Inferred	**Eastern Lode**	**58,438**	**160,052**	**2.53**	**0.02**	**3.19**	**2.74**
Grand Total		**82,200**	**225,295**	**2.33**	**0.02**	**3.08**	**2.74**

The updated Mineral Resource estimate is based on 18 RC drill holes. The Mineral Resource estimate has been completed in accordance with the guidelines of the JORC Code (2012 edition). A summary of the information used in the **Lillymay, December 2014 Mineral Resource** estimate is provided in Appendix 1.

Syndicated's Managing Director, Mr Andrew Munckton, said the maiden JORC Mineral Resource estimate for Lillymay was based on the successful drill programs completed at the emerging satellite deposit during 2014.

"With an average grade of 2.33% Cu, Lillymay represents a potentially valuable source of high-grade material that could contribute to an operation at Barbara," he said.

"Importantly, the mineralization remains open in all directions and there is excellent potential to significantly expand the resource next year with a third round of drilling to extend the mineralization along strike in the near-surface, open pittable environment as well as targeting extensions down-dip and down-plunge of the higher grade sections of both the Western Lode and Eastern Lode mineralization.

"The completion of this Mineral Resource estimate enables us to move forward with planning follow-up drilling for early 2015.

"It also provides a solid foundation for assessment of the Lillymay mineralization as a potential contributor to the mining inventory for the Barbara Project and Feasibility Study.

"We have maintained our Exploration Target for this deposit of 0.4-0.8Mt at 2-3% Cu based on the drilling results encountered to date and extension of the mineralization to 600m of strike to a depth of 150m below surface which will be assessed in the next round of drilling."

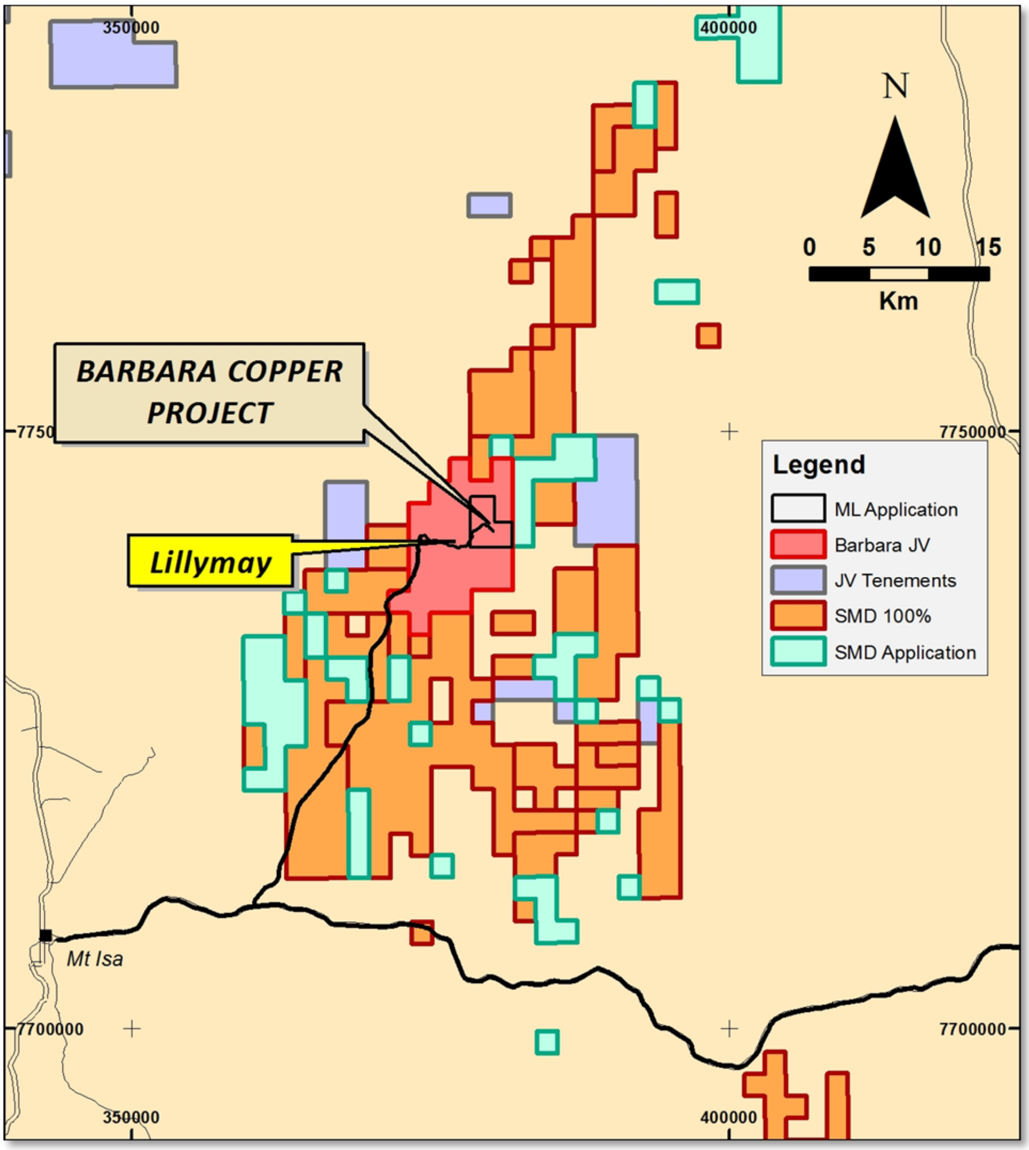

Figure 1 – Project Location Plan

Potential Extensions of the Lillymay Mineralisation

The geological elements of the Lillymay deposit are illustrated in Figure 2 in long section and Figure 3 in plan.

Eastern Extension

Recent mapping along strike of the deposit (see Figure 3) has indicated potential extensions to the deposit approximately 100m further east of the eastern-most drilling. The surface expression of the high grade, copper mineralization is characterized by hematite and malachite stained quartz veins within sheared, biotite schist as seen in the high grade drill intersections within the Lillymay deposit.

Furthermore, drilling in LMRC008 (see Figure 2 and Appendix 1) intersected a north-west trending fault (Lillymay Fault) which mapping has indicated offsets the mineralized lode south and east of the present drilling positions.

Western Extension

Drilling at the western end of the deposit remains in ore grade mineralization. Surface mapping and anomalous copper-in-soil geochemistry indicates that mineralization persists further west of the company's western-most drilling.

Depth Extensions

Drilling below 100m at the eastern end of each lode and down-plunge of the historical workings indicates that high grade shoots of mineralization exist and plunge steeply to the east. See Figure 2.

Down-hole EM surveys undertaken on each of these deeper drill holes (LMRC001, LMRC002, LMRC003, and LMRC010 indicate that chargeable EM targets exists down-plunge of the highest grade drill holes. Modelling of the DHEM anomalies shows these anomalies to be narrow plates in the plane of the defined high grade copper mineralization.

The modelled DHEM plates persist for at least 100m below the existing drilling and plunge steeply to the east.

The geological interpretation of these modelled plates is that high grade chalcopyrite mineralization as encountered in LMRC001, LMRC003, LMRC002 and LMRC012 may persist at depth for a further 100m. This potential high grade copper mineralization in underground mining positions below the current level of drilling is a primary target for the next round of exploration drilling scheduled to commence in early 2015.

Syndicated's Managing Director, Mr Andrew Munckton, said the next round of drilling at Lillymay would be aimed at determining the extent and tenor of the mineralization at this emerging discovery.

"We believe that the narrow, high grade chalcopyrite mineralization encountered at depth below the surface workings is an outstanding target for high grade narrow vein style underground mining.

"The DHEM survey gives us confidence that this style of mineralization will persist at depth below the current level of drilling. The group has extensive experience with the identification, drilling and mining of these styles of deposits and should be well situated to evaluate this style of deposit should Lillymay prove to be what we are targeting.

"Our geological teams will be returning to Lillymay in late January to assess the deeper mineralization and the eastern and western extensions that their mapping programs identified at this emerging satellite deposit during 2014."

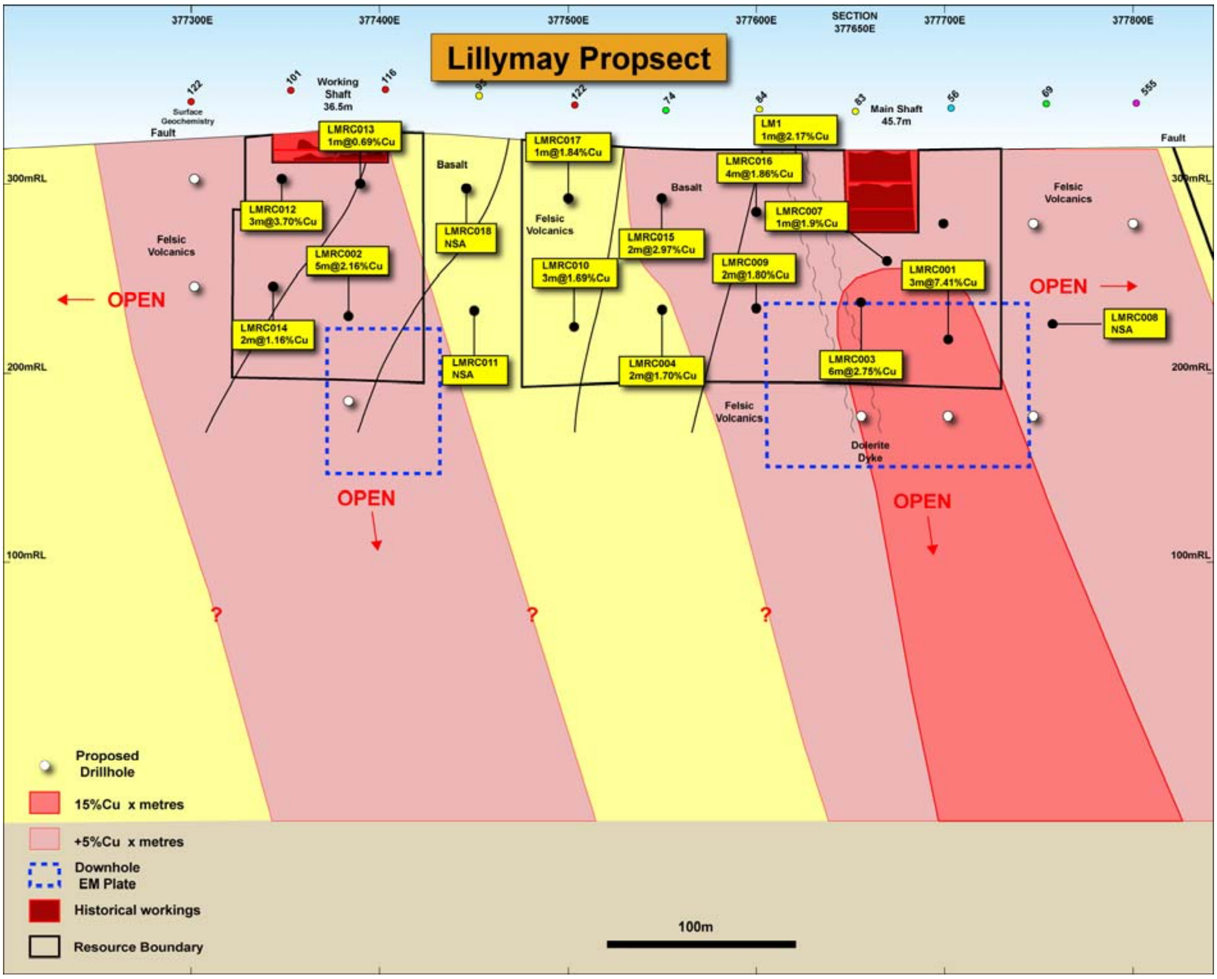

Figure 2 – Long section showing pierce points through the Lillymay veins

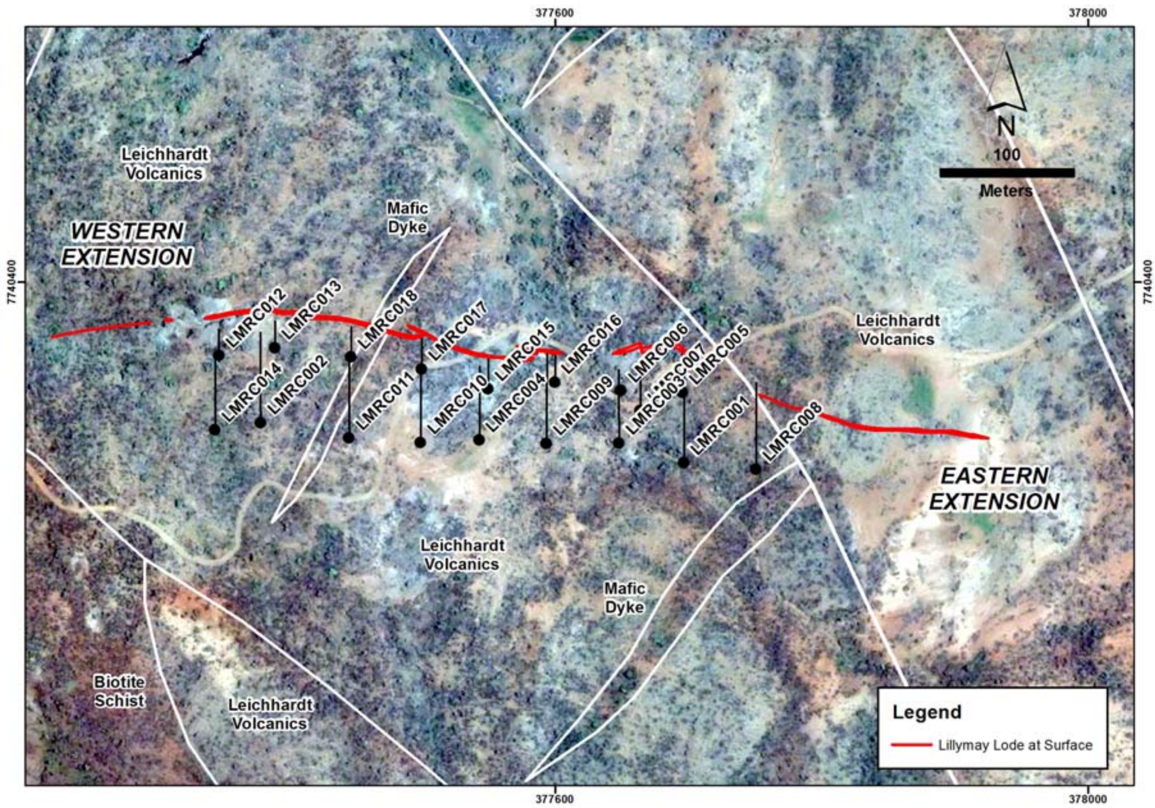

Figure 3 – Plan showing completed drilling, Eastern and Western Extensions

Competent Person's Statement

The information in this report that relates to Mineral Resources is based on information compiled by Mr Jim Whitelock and Mr Michael Martin. Both Mr Whitelock and Mr Martin are Members of The Australasian Institute of Geoscientists (AIG) and both has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Whitelock is a full-time employee of Exco Resources Limited a 100% owned subsidiary of Copperchem Limited and Mr Martin is a full time employee of Syndicated Metals Limited. Both Mr Whitelock and Mr Martin consent to the inclusion in the report of the Mineral Resources in the form and context in which they appear.

Exploration Targets

This report comments on and discusses Syndicated Metals Limited's exploration in terms of target size and type. The information relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and quality of material discussed as Exploration Targets is conceptual in nature since there has been insufficient work completed to define them as Mineral Resources or Ore Reserves. It is uncertain if further exploration work will result in the determination of a Mineral Resource or Ore Reserve.

ENDS

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Appendix 1: Lillymay Mineral Resource Drill Hole Summary

Hole ID	Northing (m)	Easting (m)	Depth (m)	Dip	Azi	From (m)	To (m)	Interval (m)	Cu (%)	Au (ppm)	Ag (ppm)	Co (ppm)	S (%)
LMRC001	7740263	377702	143	-60	5.2	106	109	3	7.41	0.05	5.37	86	8.34
LMRC002	7740293	377386	136	-60	5.2	43	44	1	0.68	<0.01	<0.01	37	0.91
			and			99	104	5	2.16	0.03	0.34	49	2.82
LMRC003	7740278	377653	111	-60	6.2	83	89	6	2.75	0.11	1.13	41	3.24
LMRC004	7740280	377548	111	-60	6.2	88	92	2	1.70	0.02	0.65	60	2.34
LMRC005	7740313	377696	69	-60	6.2	43	45	2	1.02	0.01	1.25	30	1.54
LMRC006	7740316	377648	33	-60	6.2	Intersected Workings							
LMRC007	7740301	377661	81	-60	6.2	59	60	1	1.9	0.01	1.4	29	2.45
LMRC008	7740260	377750	129	-60	355	No Significant Assays							
LMRC009	7740280	377600	135	-60	355	91	93	2	1.80	0.01	0.33	15	2.86
LMRC010	7740280	377500	117	-60	355	98	101	3	1.69	0.02	1.95	150	5.32
LMRC011	7740280	377450	129	-60	355	No Significant Assays							
LMRC012	7740345	377348	39	-60	355	23	26	3	3.70	0.02	0.83	32	4.61
LMRC013	7740351	377390	39	-60	355	28	29	1	0.69	0.01	0.5	100	4.02
LMRC014	7740289	377345	111	-60	355	87	89	2	1.16	0.01	0	32	1.6
LMRC015	7740320	377550	36	-60	355	25	27	2	2.97	0.03	1.95	48	3.28
LMRC016	7740325	377600	45	-60	355	33	37	4	1.86	0.01	0.53	45	2.32
LMRC017	7740335	377500	45	-60	355	27	28	1	1.84	0.01	0.7	155	3.27
LMRC018	7740344	377447	45	-60	355	No Significant Assays							

Note: The mineralised interval length of intercepts shown in the above table are down-hole distances and are not corrected for angle of dip. A cut-off grade of 0.5% Cu, minimum 1 metre interval and maximum 1 metre waste was used for calculating mineralised intervals. Downhole widths are reported. True width is approximately 80-85% of Downhole width.

Company	Hole Type	Size	Year	No. Holes	Metres
Syndicated (LMRC001-LMRC018)	RC	5.25-5.50 Inch	2014	18	1,425
TOTAL				18	1,425

Criteria	JORC Code explanation	
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	18 Reverse Circulation (RC) drill holes completed by Syndicated Metals Limited (SMD) RC drillholes were sampled 1m intervals using a rig mounted cyclone with an 87.5-12.5% riffle splitter to collect a 3.5kg to 4kg sample. All 1m samples are analysed using handheld XRF and then all samples over 0.05% copper were sent to ALS laboratories (Mt Isa and Townsville) for multi-element analysis and Au analysis.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Sampling was carried using Syndicated Metals Limited (SMD) sampling protocols and QAQC procedures.
	Aspects of the determination of mineralisation that are Material to the Public Report- *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information*	RC drilling was used to obtain a 1 m sample from a 3.5 to 4 kg sample. A multi element concentration reading of each interval was taken a Niton Portable XRF. Samples where the Cu reading was in excess of 1000 ppm were selected for assay. The samples submitted for assay were given a unique sample ID and shipped to the Laboratory. Samples were dried, pulverised by an LM2 (ALS Laboratories, Mt Isa) a sample split was taken for ICP ME-ICP41 multi-element method and Au by AA25 fire assay at ALS in Townsville.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	RC Drilling has been undertaken using a face sampling percussion hammer with 5 ¼" to 5½ bits
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	RC drilling recoveries were monitored visually by means approximating bag weight to theoretical weight followed by checking sample loss through outside return and sampling equipment. A review of the bulk reject bags suggests the RC drill sample recoveries were also excellent.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	RC holes were collared with a well-fitting stuffing box to ensure material to outside return was minimized. Drilling was undertaken using auxiliary compressors and boosters to keep the hole dry and lift the sample to the sampling equipment. Cyclone and sampling equipment was checked regularly and cleaned. Hole was flushed at end of each sample and end of each rod.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Recovery was visually checked and sample loss of the fine or coarse fraction was minimised by following SMD RC drilling protocols and procedures.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Logging was completed by a Geologist using SMD logging procedures that were developed to accurately reflect the geology of the area and mineralisation styles.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	RC logging is qualitative and quantitative in nature and captured downhole depth, colour, lithology, texture, alteration, sulphide type, sulphide percentage and structure. Each Calico bag sample was also analysed for magnetic susceptibility using the KT10 Magnetic Susceptibility Meter
	The total length and percentage of the relevant intersections logged.	All RC drillholes are logged in full.
Sub-sampling techniques	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable

and sample preparation	*If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	The RC sample were split (87.5%-12.5%) by the multi-tiered riffle splitter within cyclone of the drilling rig. Majority of the samples were recorded as dry and minimal wet samples were encountered. Wet samples were assessed and if the recovery was poor the complete sample was split in the field using a 3 tiered riffle splitter (after the sample dried). Sample duplicates were obtained by splitting the reject sample in the field using the 3 tier riffle splitter. Rarely was a scoop used to obtain a sample for assay.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The samples were sent to an accredited laboratory for sample preparation and analysis. ALS laboratory follows industry best standards in sample preparation including optimal sample drying, crushing and pulverization of the entire sample in a LM2 to a grind size of 85% passing at 75 microns.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Quality Control (QC) procedures involved the use of certified reference material such as assay standards for base metals, along with blanks and field sample duplicates.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	RC field sample duplicates were taken in each ore zone or twice in every 100 samples.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are believed to be appropriate to correctly represent the style, thickness of copper, gold mineralisation in the Mt Isa Inlier.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Analysis of Cu, Fe and S was completed at ALS in Townsville using the ICP41 scheme which is partial use of the total sub-sample. Au was analysed by ALS in Townsville using fire assay AA25 utilising the total sample.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to determine any element concentrations used in the resource estimate. A handheld XRF instrument was used to determine if samples are to be submitted for wet chemical analysis.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Syndicated Metals inserts certified standards, duplicates into the sample sequence. Field duplicates and standard control samples are inserted into the ore zone. Two main standard series are used from ORE, OREAS 50 series Copper Gold CRM's and OREAS 160 copper CRM's. The standards selected to be inserted into the assay batch were selected to reflect the expected mineralisation of the ore zone. The standards were generally inserted at 1 in 20 samples or 1 standard and duplicate per ore zone if ore zone was less than 20metres wide. ALS laboratories QAQC includes insertion of certified standards, blanks and check samples and fineness checks to ensure grind size of 85% passing 75 micron as part of their own internal procedures. The standard control charts have a number of samples plotting beyond 3 standard deviations these have been Identified as being miss labels.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The data used for the Lillymay estimate was checked by Jim Whitlock, before the estimation process was completed.
	The use of twinned holes.	N/A
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Geological and sampling information was collected using an electronic logging system and device (Panasonic Toughbooks)
	Discuss any adjustment to assay data.	No adjustments or calibrations were made to any assay data used in the estimate.

Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	The coordinates of the supplied drill hole collars have been generated derived from DGPS. There have been a mixture of downhole surveys, ranging from collar surveys to downhole survey, measurements are greater than 30m from the bottom.
	Specification of the grid system used.	GDA94 MGA Zone 54 datum North.
	Quality and adequacy of topographic control.	The Lillymay topographic control is very accurate derived from LIDAR survey acquired in November 2013.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drill spacing within the Inferred Mineral Resource of approximately 50m by 70m was considered adequate to establish both geological and grade continuity. The Inferred Mineral Resource areas have sparser drill spacing, and the mineralisation is of limited continuity.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The Drill spacing was considered adequate to establish both geological and grade continuity to classify the resource as Inferred.
	Whether sample compositing has been applied.	Samples haven't been composited
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The drill orientation has been optimal. One direction of drilling was completed. Sections with ore grade intercepts have more than one hole in the same direction confirming true orientation.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No bias is currently known.
Sample security	*The measures taken to ensure sample security.*	Samples are stored on site and transported to ALS laboratories in Mt Isa by Syndicated Metals for Preparation. Sample numbers used for drilling
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No site visit undertaken.

Criteria	JORC Code explanation	
	Estimation and reporting of Mineral Resources	
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	RC Data is collected using electronic logging system. Data is loaded into an access based database. A limited audit of the Barbara drillhole database was undertaken and has established that although several issues relating to spatial accuracy of some of the drillholes exist, these issues are manageable at this low-level estimation stage. No assay data transcription audit was undertaken. All drillholes within the database have been drilled during 2014 by SMD. Spatial location and tenor of assay data as encountered during interpretation does not suggest any major issues.
	Data validation procedures used.	The validation checks including Hole ID, depth checks, overlapping intervals. Assay results plotted and checked on section.
	Comment on any site visits undertaken by the Competent Person and the outcome of those visits - If no site visits have been undertaken indicate why this is the case.	The site was visited by the Syndicated Metals competent Person.

Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	Felsic volcanics of the Leichhardt Volcanics are the main lithology present in the Lillymay area. These are intruded by mafic and intermediate dykes with NW to NE trends. The mineralised zone lies approximately 300 m NE of the NW trending Spectre Fault which shows up as a significant linear magnetic and geochemical anomaly. Porphyritic intrusives of the Kalkadoon Granodiorite are present ~ 500 m west of the prospect. Copper mineralisation at Lillymay exists as chalcopyrite hosted in a 1-4 m wide quartz vein with strong chlorite alteration and smaller subsidiary veins and alteration in the surrounding 1 – 4 m. Chalcopyrite occurs in massive irregular bunches, stringers and veins. The vein strikes E-W (070-090) and dips at around 60-70° to the south. It is slightly curved along strike and convex to the south. The thickness of the vein and the degree to which it is mineralised varies along strike with two main lodes known from the historical workings and recent drilling. Both lodes have a steep southeastern plunge with mineralisation strongest underneath the old workings. A barren zone occurs between the two main lodes where the vein is present but chalcopyrite is largely absent. Cu wireframes at nominal 0.05% and 0.5% were determined by geological and economic considerations respectively. The Lillymay mineralisation structure appears reasonably consistent in orientation (strike and dip) over known extent. The immediate enveloping structure is reasonably defined by anomalous (relative to surrounding rock) Cu and/or S content. Wireframing of the mineralised zone followed as closely as possible the recognition of anomalous Cu grade (generally +0.05%).
	Nature of the data used and of any assumptions made.	Surface mapping of the Lillymay deposit area is supported and projected into 3 dimensions with drillhole data. Careful lithological logging of all SMD collected data has resulted in an appropriate level of geological understanding. Geochemical analysis, for example Ti:Zr ratios are also utilised. A 3-d mineralisation model has been constructed at various Cu cut-offs, and a 3-d lithological model is yet to be constructed. .
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	None made, reasonably straightforward primary control, Lillymay quartz vein/structure.
	The use of geology in guiding and controlling Mineral Resource estimation.	Primary geological control is the Lillymay quartz vein/structure, well defined as a reasonably planar structure, and easily recognised as a geological entity. Local lithology only secondary control at best, as the lode cross-cuts local stratigraphy.
	The factors affecting continuity both of grade and geology.	Shear zone/quartz vein primary control on mineralisation. Cu grade distribution is variable through the structure, and plunge components are not yet resolved with current level of data. Faults appear to define E and W extents, or offset the structure. A grade gap is present between the E and W lodes where Cu tenor is below the utilised cut-off (0.5%), although the structure is still present
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The Inferred Resource outcrops at surface and has been defined over a strike length of 400m, and down-dip for 140m. The larger E Lode is approximately 250m in strike length, separated from the 100m W lode by a 50m sub-grade zone. Resource widths vary from <1m to ~5m in true width.

Estimation and modeling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	Estimation process guided by Cu, the most valuable commodity within the deposit. Domaining undertaken at nominal grades of 0.05% and 0.5% Cu corresponds approximately to the Lillymay quartz vein anomalous zone, and approximate economic Cu cut-off (open pit) respectively. All estimation related work undertaken with Surpac Software V6.6. Assay data composited to 1m, all samples 1m in length Statistical analysis of composite data to investigate data distribution and character, and outlier grades. Outlier grades assessed using histograms, log-probability plots, spatial distribution and CV (<1). Top-cutting not required. Variographical analysis of different elements: Cu, Au, Fe, S within different domains. Poor directional control, best for Cu down-dip. This to be used for all elements. No density data available. Density obtained from model of nearby Barbara deposit, with extensive data. Density assigned as oxide, transitional and fresh. Analysis results support the use of Ordinary Kriging as the interpolation method. Interpolation of Cu, Au, Fe and S within mineralisation and economic domains outlined above as hard boundaries utilizing calculated variograms/ ellipsoids/anisotropies for each. No QKN analysis, trial and error used to obtain best results. Block size based on geological character and data spacing: 25 x 4 x 4m (E x N x RL), sub block to 6.25 x 1 x 1m. Estimation runs were initially made using various search parameters and results compared. Final search parameters identified. 2 'fill runs' made for Cu changing search distance and/or informing sample number, as a measure of confidence in the final estimate. Discretisation 3x3x3, search distance 45m then 70m (variogram range 60m), informing samples 1-15, to account for single sample areas. 15 samples never required. Cu fill sequence runs recorded within the model
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	First estimate
	The assumptions made regarding recovery of by-products.	Au modelled.
	Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).	S and Fe estimated. S modelled as potential AMD contributors. S depletion zone at surface assigned based on weathering (oxide). Further work with S may be warranted, for further definition of waste characterization.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	Parent block size: 25m x 4m x 4m (E x N x RL), sub blocking to 6.25m x 1m x 1m. Average sample spacing: 50m easting spaced drill sections, 1m down-hole sampling intervals (approximates northing/RL), and 60m RL. First search 45m, most blocks filled after 1st search/run. Subsequent searches 70m, all blocks filled.
	Any assumptions behind modelling of selective mining units.	None made, block/sub block size based on data/geological resolution.
	Any assumptions about correlation between variables.	Bivariate statistics undertaken between a range of elements. Good correlations for all: Cu, Au, Fe and S. Excellent relationship between Cu and S.
	Description of how the geological interpretation was used to control the resource estimates.	Grade domains created within primary mineralization control (Lillymay quartz vein), and maximum continuity controls estimated as down-dip based on 'best' variograms. Weathering profile used for S interpolation and density assignment.

	Discussion of basis for using or not using grade cutting or capping.	Consideration of various statistical parameters and visual inspection of grade distribution resulted in no top-cutting of elements. Log-probability plots, data histograms, spatial grade distribution and CV were all used to analyse the need for top-cutting.
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Detailed validation of modelled estimate: visual inspection between drillhole grade and model grade by plan and section. Calculated comparison between composite and model grade by Easting. Wireframe/domain volume and declustered grade comparison to modelled results. All discordances investigated and resolved to acceptable limits, model re-runs in first instance, changing search parameters.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	All tonnages estimated on a dry basis.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	Main Cu cut-off (0.5%) based on guidelines from SMD and CopperChem Project Development Departments based on project economics for open-cut mining scenario. Low grade Cu cut-off (0.05%) to allow effective estimation of the alteration/anomalous halo.
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	Cu cut-off (0.5% Cu) based on open-pit mining scenario, however no minimum width utilised for wireframe construction, and as a result some areas contain resource of low Cu grade and <1m in width. Suitable for initial project analysis of Inferred level.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	Cu resource categorised on weathering profile: oxide, transitional, fresh, however considerable variation may occur due to lack of data, and Cu speciation not included due to lack of sequential Cu data.
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	S and Fe modelled within all domains, including S for weathered (depletion) zones, and external to wireframes/domains.

Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Bulk density has been assumed. This method will provide a biased bulk density value for the model because of the volume variance difference between the Fe%/S% block values and the sample density point values. No density data available for Lillymay, density assignment via weathering profile, based on approximate averages for waste at nearby Barbara deposit, where density data are abundant.
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	No density data. Density set to zero within known historic underground workings. The use of the assumed method of SG determination does not take in to account porosity or cavities.
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	Based on nearby Barbara deposit averages: oxide- 2.2, transitional- 2.5, fresh- 2.75
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.*	Level of data spacing/density, accuracy and completeness; and level of geological understanding allows for an Inferred classification for all the resource
	Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	Geological logging has defined structural and lithological controls that provide confidence to an inferred level in the interpretation of mineralisation boundaries. The model has been classified using the guidelines outlined in the JORC Code (2004) as Inferred. The criteria included in 'Table 1' of the JORC Code were considered when deciding on classification categories. Geology is simple and appropriately understood. Evenly spaced drilling allows even confidence in the resource extents. Data deficiencies include the following: 1. Insufficient drillhole density (approximately 50m x 60m, E x RL) to provide accurate grade distribution characteristics. 2. No density data for the deposit. 3. No diamond drilling data. 4. Lack of accurate drillhole collar data for 7 of the 18 current drillholes. 5. Lack of or insufficient down-hole survey data for at least 6 of the 18 current drillholes. 6. Absence of weathering profile data for the mineralised zones. 7. Incomplete lithological model. Deficiencies at a manageable high level and geological understanding allows for Inferred classification.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The estimated Mineral Resource for the Lillymay deposit reflects the Competent Persons' views of the character and metal distribution as presented by the raw data.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	N/A.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	Based on the current level of data density and geological understanding of the Lillymay deposit the Competent Persons' have tentatively placed the following confidence limits on the resource. Inferred Resource: +/- 30%. These limits are based on a detailed validation and investigation process through the whole estimated Mineral Resource (+0.5% Cu). Factors that may affect the estimate's accuracy include local geological and therefore grade variation, local density variation and the projection distance (half drill spacing, ~25m). Reasonable accuracy is expected for the global resource figure.

	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	N/A
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available	N/A