

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT – 29 October 2015

## SEPTEMBER 2015 QUARTERLY ACTIVITIES REPORT

***Syndicated delivers results for Barbara Mining and Off-Site Processing Study and announces new strategic direction***

### Quarter Highlights

- Feasibility Study completed for the Barbara Copper-Gold Project, located near Mt Isa in North Queensland (joint venture with CopperChem).
- The Feasibility Study defined a financially robust, short-term open pit copper project capable of delivering pre-tax free cash flow of A\$17M, based on total payable metal production of 16,223t of copper, 2,753oz of gold and 43,327oz of silver.
- New regional copper exploration targets delineated from soil sampling programs at the 100%-owned Mt Remarkable Project.
- Major airborne VTEM survey completed to confirm and prioritise key targets prior to a drilling program undertaken during the Quarter.
- New strategic direction announced subsequent to the end of the Quarter.

### Overview

During the Quarter the Company delineated a number of new regional copper exploration targets from successful soil sampling programs completed at its 100%-owned Mt Remarkable Project in north-west Queensland.

An airborne Versatile Time Electro Magnetics (VTEM) survey over the area was completed to characterise the electro-magnetic (EM) response of the prospects before finalisation of a drilling program, which commenced in mid-September following processing of the geophysical data. A single deep diamond hole was also completed targeting extensions of the Barbara copper deposit at depth.

Subsequent to the end of the Quarter, the Company announced the results of the Barbara Copper-Gold Project mining and off-site processing study and outlined its new strategic direction.

### Exploration and Development

#### Barbara Copper Project – Feasibility Study

Subsequent to the end of the Quarter the Company reported the key results of the Feasibility Study on open pit mining at its Barbara Joint Venture Copper-Gold Project in north-west Queensland. The Feasibility Study was funded and undertaken by its joint venture partner CopperChem Limited as part of its earn-in requirements to the Barbara Joint Venture.

The Feasibility Study defined a financially robust, short-term open pit copper project (Probable Ore Reserve of 818Kt at 2.23% Cu, 0.20g/t Au and 2.78g/t Ag) with a pre-tax free cash flow of A\$17 million, based on total payable metal production of 16,223 tonnes of copper, 2,753 ounces of gold and 43,327 ounces of silver.

The Project has an estimated 21-month mine life, based on the development of two open pits with processing to be completed in Cloncurry and Mt Isa under a toll-treatment scenario.

Full details of the Feasibility Study are contained in the ASX Announcement released on 28 October 2015. The Company's plans in regard to further development of the Barbara Project are detailed in the Corporate Section of this Report.

### Barbara Copper Project – Barbara Deeps Drilling

In July, a multi-purpose RC/diamond rig was mobilised to the Barbara Project to target a previously identified strong down-hole electro-magnetic (DHEM) conductor located to the north of and below the proposed outline of the Barbara open pit (see Figure 1).

A single deep diamond drill hole (with an RC pre-collar) was drilled to a depth of approximately 350m targeting this position. The hole was designed to evaluate the potential for future underground mining below the known open pit resource.

The hole, BADD055A, which targeted the centre of the modelled DHEM plate (see Figure 1), intersected zones of semi-massive and stringer pyrrhotite with intermittent stringer chalcopryite mineralisation in the expected position of the Mid Lode mineralisation and the modelled DHEM plate. Assays returned a low-grade intersection of 32.2m @ 0.23% Cu from 325.2m down-hole.

The drill hole intersected the down-plunge extension to the broad zone of low grade mineralisation encountered in previous RC drilling in holes BARC088, BARC090 and BARC118 (see Figure 1 and ASX Announcement 8<sup>th</sup> Jan 2014) but without the zones of high-grade mineralisation in the hangingwall, central and footwall positions encountered in other holes. The relatively low grade of this intersection has downgraded the potential for a future underground development at Barbara.

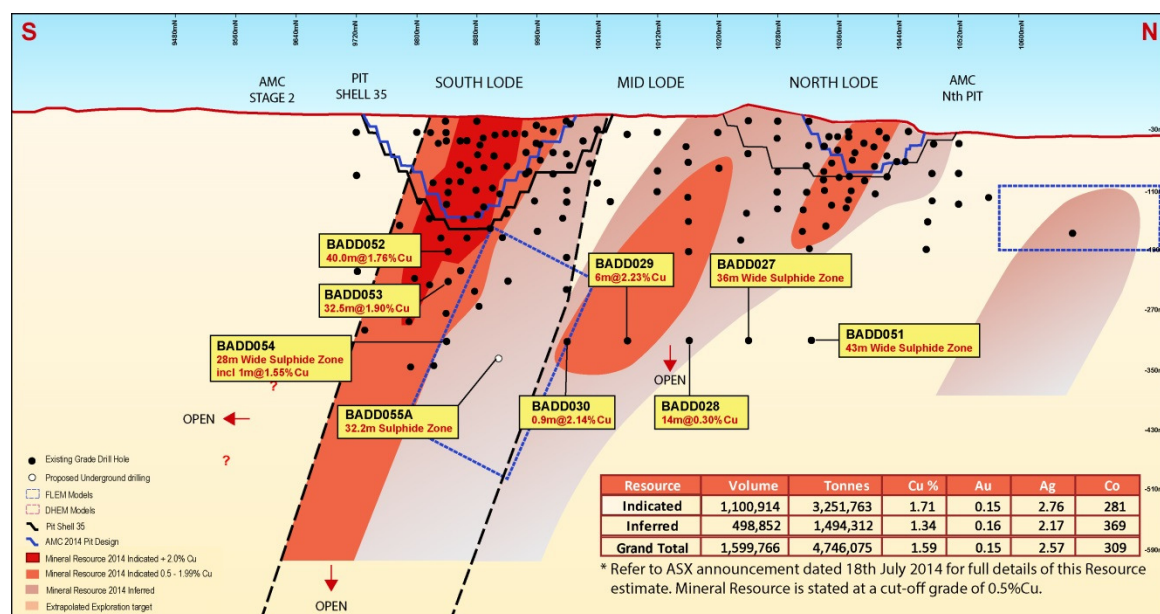


Figure 1 – Barbara long section indicating the location of the Barbara Underground drill holes

### Mt Remarkable/Northern Hub Regional Exploration

During the Quarter the Company completed an extensive regional airborne VTEM survey across its 100%-owned Northern Hub Project (see Figure 2), together with follow-up soil sampling over the identified VTEM anomalies in order to verify drill targets. As a result of these near-mine and regional copper exploration programs, the Company identified a series of new exploration targets and completed drill testing of some of these targets.

The overall objective of these regional exploration programs was to delineate additional copper resources within a 10-25km radius of the Barbara Copper-Gold Project. Exploration targeted both high-grade Barbara-style deposits as well as larger, IOCG-style deposits.

### VTEM Survey Results

Extensive airborne VTEM surveys were flown over the Ballara Saddle, Blue Star and Neptune project areas, located 10-25km south-east of Barbara as well as the Mt Remarkable area to the north of the Barbara Project (see Figure 2). The surveys, which are detailed below, were designed to firm up potential drilling targets identified during previous regional soil sampling programs which yielded multiple copper-in-soil anomalies, particularly at Ballara Saddle and Blue Star:

- Ballara Saddle – 125 line kilometres of airborne VTEM at 200m line spacing flown in a NE-SW orientation;
- Blue Star and Neptune – 430 line kilometres of airborne VTEM at 200m line spacings flown in a NE-SW orientation; and
- Mt Remarkable – 787 line kilometres of airborne VTEM at 200m line spacings flown in a NW-SE orientation

All data was received, and interpretation completed, during the Quarter.

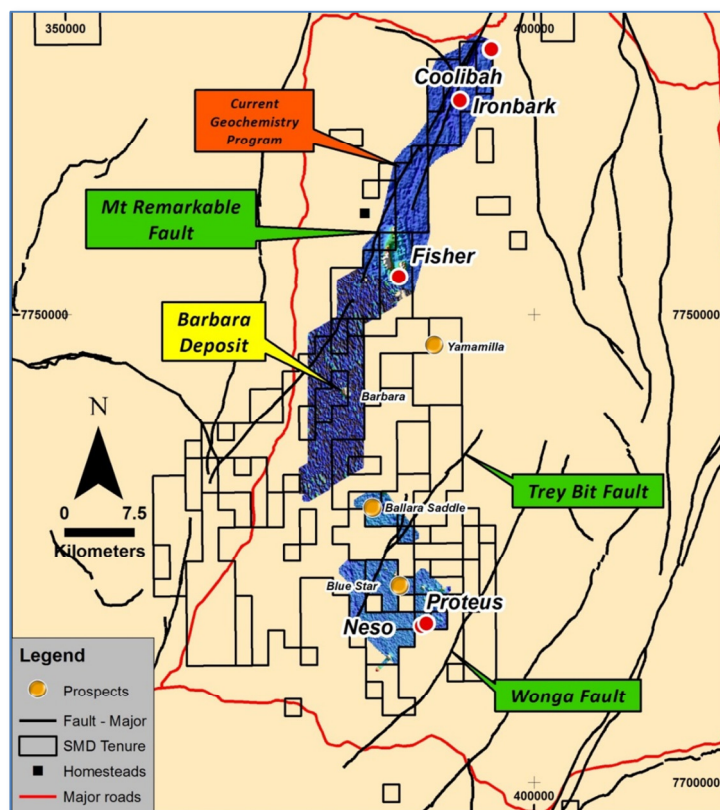


Figure 2 – Mt Remarkable VTEM coverage summary

### Soil Sampling

Extensive regional soil sampling programs were completed across the Northern Hub Project area. These programs comprised approximately 7,700 soil samples taken at 50m intervals and 400m line spacings covering the area around Ballara Saddle, Blue Star, Neptune and Mt Remarkable (see Figure 3).

The soil sampling program targeted the corridor of mineralisation which is believed to flank, and originate from, a number of regional scale faults including the Mt Remarkable, Trey Bit and Wonga Faults. Numerous old workings are located intermittently around the faults where the Company has mapped prospective locations for both Barbara-style high-grade shear and vein (SAV) copper mineralisation as well as larger iron oxide copper gold (IOCG) style alteration zones.

Detailed, closer spaced (50 metre by 25 metre) soil sampling programs were also undertaken over conductors highlighted in the VTEM surveys to confirm that copper-in-soil anomalism lies above or adjacent to the conductors and as a tool for prioritising further exploration including initial RC drilling.

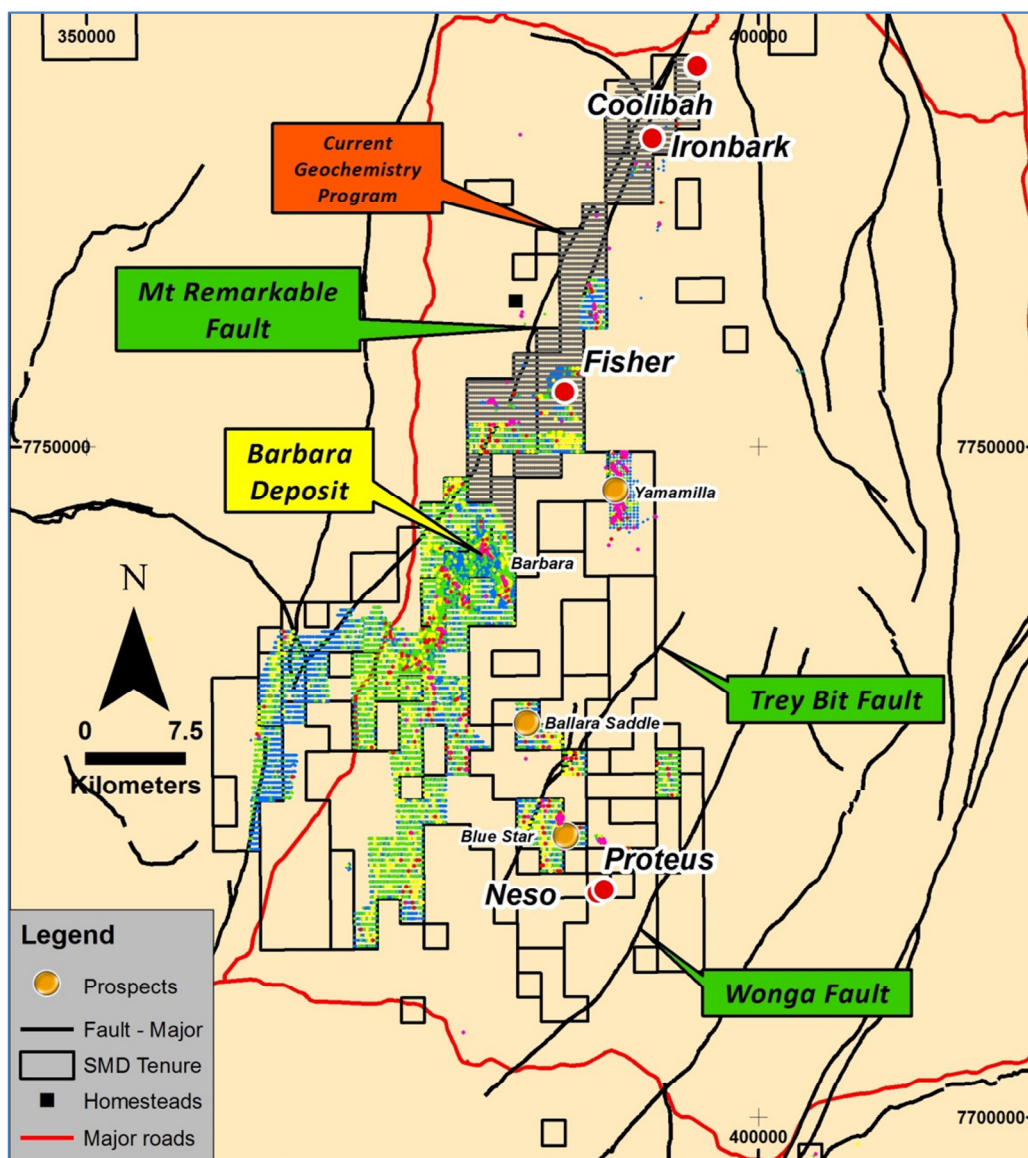
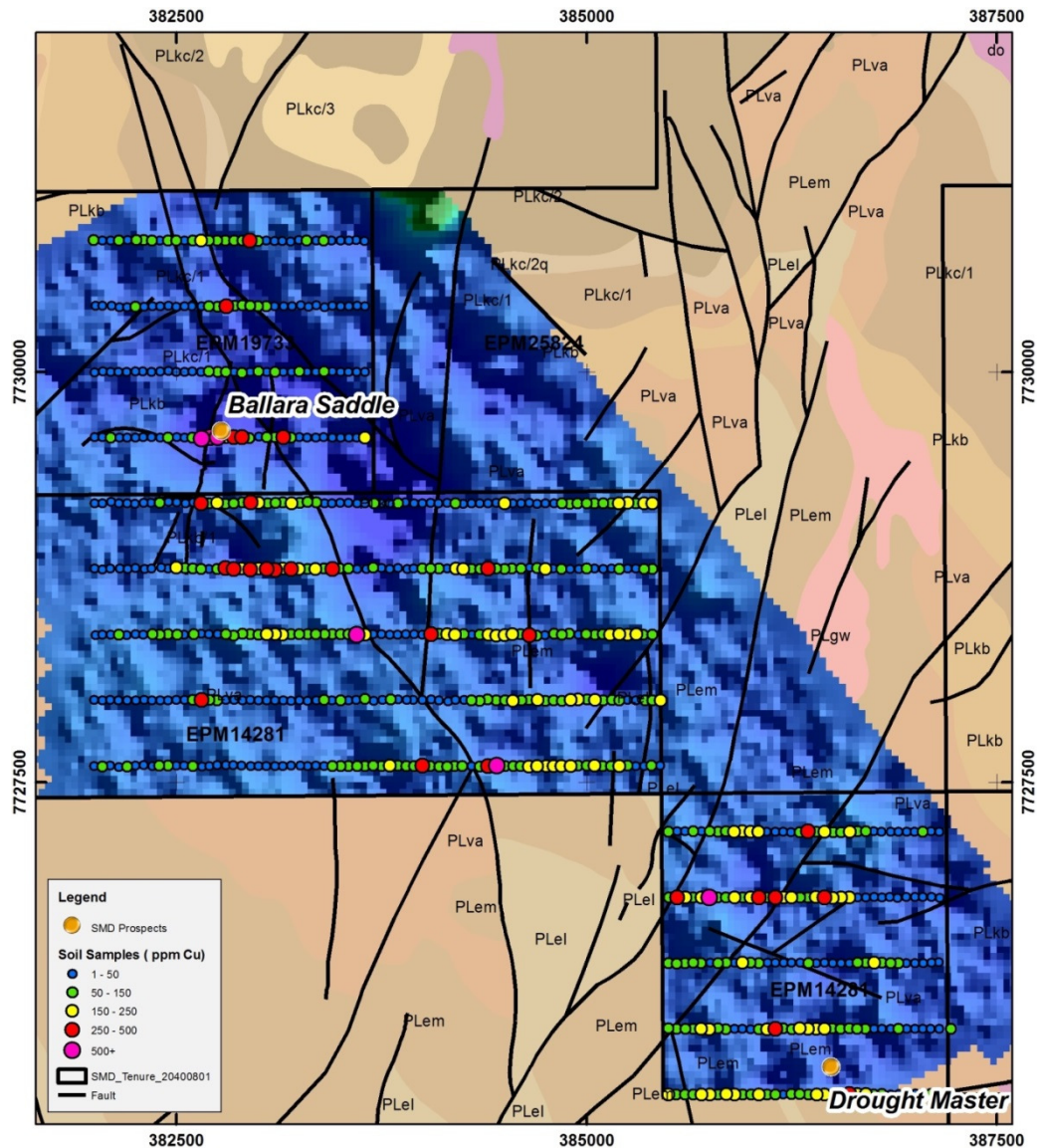


Figure 3 – Mt Remarkable soil geochemical summary



### Results – Ballara Saddle

The VTEM survey area covered both the Ballara Saddle and Drought Master prospects, which are believed to host iron oxide copper gold (IOCG)-style mineralisation which generally does not exhibit VTEM survey anomalism. The VTEM survey results are presented in Figure 4 which highlighted only weakly conductive anomalies at the Ballara Saddle prospect.



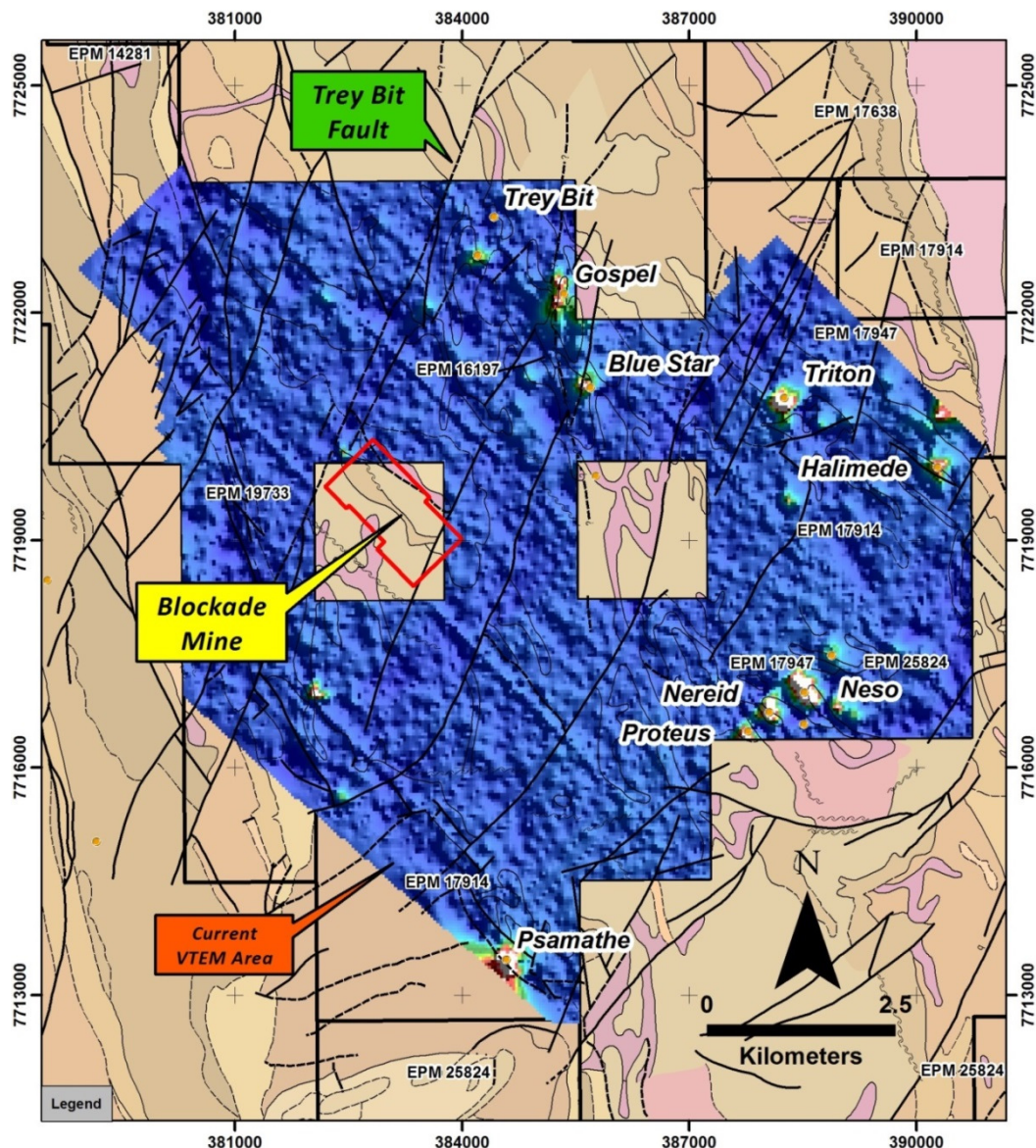
**Figure 4 – Cu-in-soil sampling over VTEM image at the Ballara Saddle and Drought Master prospects**

### Results – Blue Star and Neptune

The VTEM survey covered an area approximately 10km E-W by 11km N-S as shown in Figure 5. The survey covered both the Trey Bit Fault and a number of parallel faults which were expected to control predominantly shear and vein style (SAV) mineralisation in the area.

The survey highlighted more than a dozen discrete conductive bodies with the strongest responses from the Gospel, Blue Star, Triton and Halimede prospects in the northern half of the survey area, and from a cluster of responses named Neso, Nereid and Proteus (collectively the Neptune prospect) in the south-east corner of the survey area.

A strong VTEM response in the very southern extent of the survey named Psamathe corresponds to a Corella Formation sedimentary horizon and warrants follow up mapping and investigation.

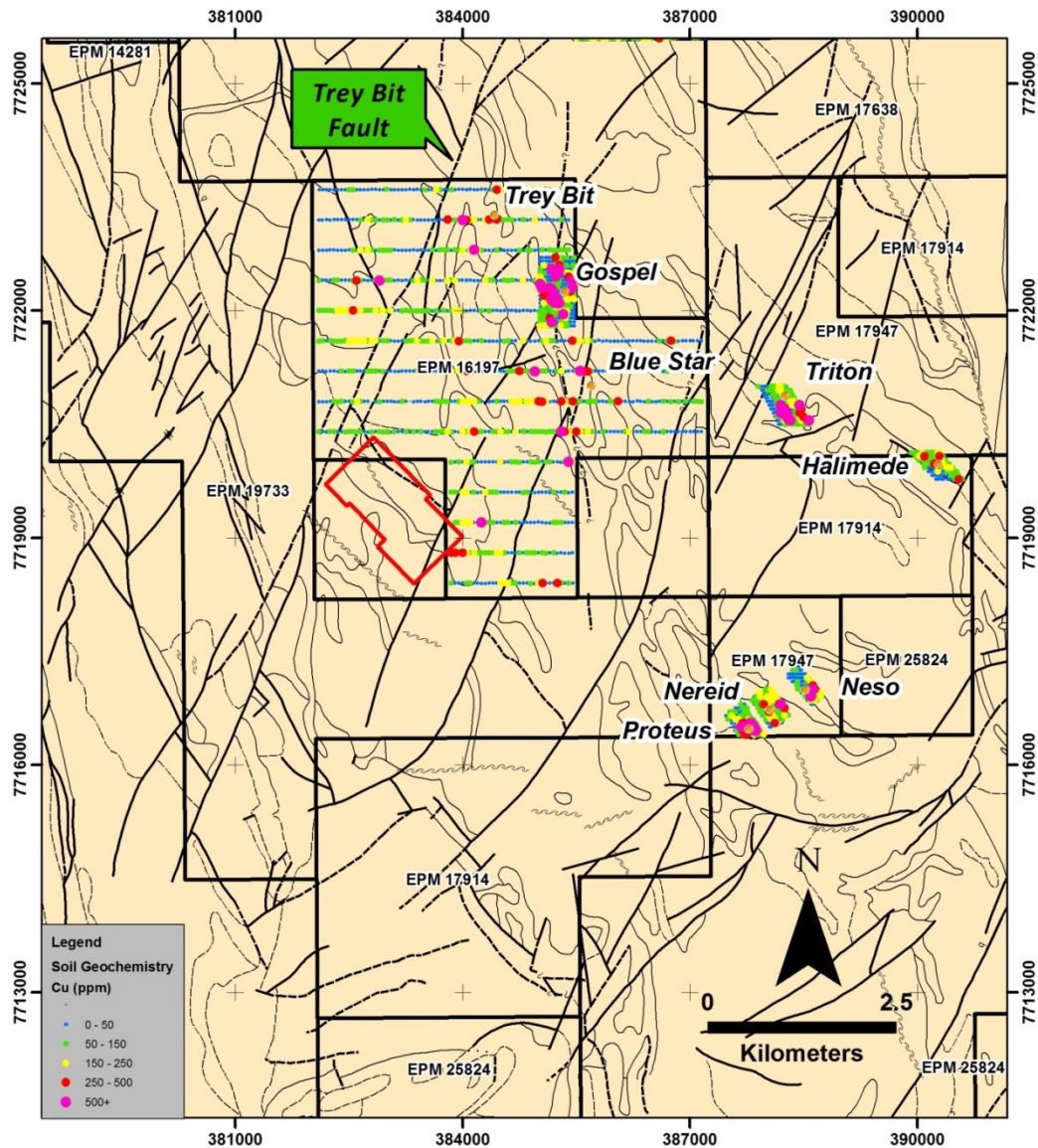


**Figure 5 – VTEM image of Blue Star and Neptune project area indicating a number of conductive bodies in the area related to north-east trending faults**

Detailed close-spaced soil sampling programs were undertaken over the priority VTEM responses, all of which indicated strongly anomalous copper-in-soil results above and adjacent to the VTEM anomalies (see Figure 6).

Further broad-spaced (400 metre by 50 metre) soil sampling is planned to extend over the Triton to Neptune area to identify any potential near surface copper mineralisation that does not yield a VTEM response.





**Figure 6 – Soil sampling results over the Blue Star and Neptune project area indicating a number of coincident Cu-in-soil and VTEM anomalies related to north-east trending faults**

### **Drilling Program**

Subsequent to the end of the Quarter Syndicated completed an assessment of a reverse circulation (RC) drilling program undertaken during September across several target areas within its 100%-owned Northern Hub tenements in north-west Queensland. The overall objective of this program was to test copper-gold targets within a 10-25km radius of the Barbara Copper-Gold Project that were generated by recent VTEM and soil sampling programs completed within the Company's Mt Remarkable Project.

Exploration is targeting both high-grade Barbara-style deposits as well as larger, IOCG-style deposits associated with the Mt Remarkable Fault with a view to identifying potential areas where additional near-surface resources can be delineated relatively quickly and cheaply. Any additional resources defined within economic haulage distance of the Barbara deposit would enhance the potential of the project.

The targets were delineated following analysis of airborne VTEM data, soil sampling data and geological mapping and ground-checking over the Neso, Nereid and Proteus prospects.

RC drill holes were targeted approximately 75m to 100m below surface and towards conductive plates modelled from the recent VTEM survey results for both the Neso and Proteus prospects. Drilling was aimed at determining the relationship between the modelled VTEM plates and the sampled and mapped surface geology.

At Neso, 250m of RC drilling was completed in two holes. Drilling intersected an iron-rich (in weathered rock) and pyrite rich (in fresh rock) altered breccia zone at the contact of the dolerite and Leichardt Volcanics. The target zone contained low grade (less than 0.2%) copper mineralisation in strongly pyritic alteration which corresponded to the modelled position of the VTEM plate. No high grade (greater than 1% Cu) mineralisation was encountered within the broader mineralised zone.

The intersection of a pyrite rich breccia zone at approximately 75m below surface in NSRC001 is consistent with the interpretation of a steeply west dipping and north-west striking vein and shear zone derived from the Hardaway Granite intrusion located underneath and to the south west of the Neso prospect. The vein and shear zone is interpreted from surface geological mapping and 3D modelling of the VTEM data.

At Proteus, 241m of RC drilling was completed in two holes. Results included:

- 14m @ 0.24% Cu from 33m down-hole; and
- 26m @ 0.40% Cu and 0.02g/t Au from 44m down-hole.

The intersection of low-grade copper mineralisation at approximately 60m below surface in PTRC002 in a pyrite-rich alteration zone associated with quartz-calcite veining is consistent with the interpretation of a steeply west-dipping and north-west striking vein structure interpreted from surface geological mapping and 3D modelling of the VTEM data.

### **Deep Yellow Joint Venture**

During the Quarter, the Company consolidated the ownership of its Northern Hub Copper Project in north-west Queensland after reaching agreement with Deep Yellow Limited (ASX: DYL – “Deep Yellow”) to dissolve the Mount Isa Other Minerals Joint Venture (MIOMJV) entered into in July 2011.

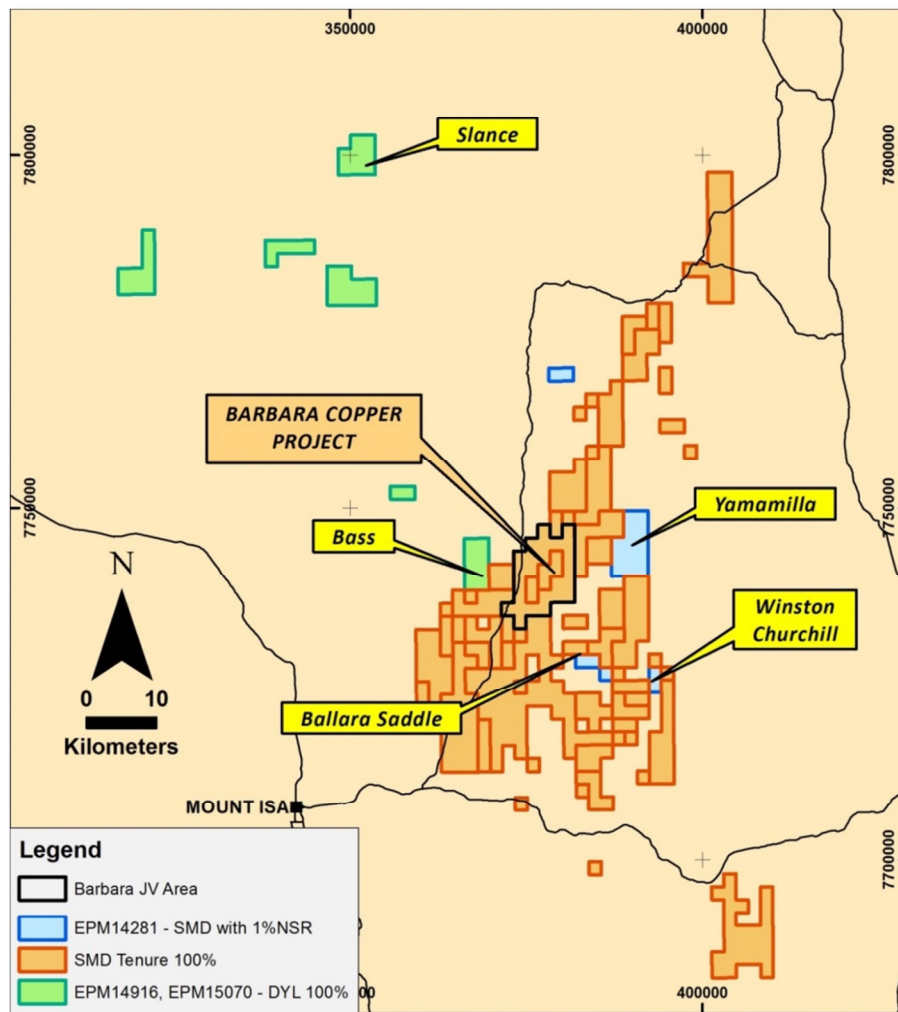
Under the terms agreed with Deep Yellow, Syndicated acquired 100% of the Mineral Rights over tenement EPM14281, which contains the Yamamilla prospect, part of the Ballara Saddle prospect and the Winston Churchill prospect (see Figure 7).

Syndicated has previously earned 80% of the Base Metal Rights for EPM14281 by spending \$800,000 under the terms of the MIOMJV, and agreed to grant Deep Yellow a 1% Net Smelter Royalty (NSR) over minerals mined from EPM14281 in exchange for the remaining interest.

The remaining tenements covered by the MIOMJV, comprising EPM14916 and EPM15070, have been returned unencumbered to Deep Yellow.

The dissolution of the joint venture with Deep Yellow simplifies the ownership structure of the Company’s Northern Hub tenements and gives it 100 per cent ownership of a portfolio of promising exploration prospects at Yamamilla, Ballara Saddle and Winston Churchill.





**Figure 7 – Northern Hub Project area showing tenements covered by the MIOMJV**

### **Fountain Range/Southern Hub Regional Exploration**

At the Southern Hub, the Company continued desktop studies during the Quarter.

The area is being targeted for high-grade copper and gold mineralisation similar to deposits historically mined at Duchess (205Kt @ 12.5% Cu), Tick Hill (705Kt @ 22.5g/t Au) and Trekelano (2.4Mt @ 2.5% Cu and 0.3g/t Au).

In addition, the Company is also targeting large-scale IOCG-style mineralisation associated with granite intrusions and the Pilgrim Fault.

Priority projects include the completion of soil sampling over the tenements which cover the Mt Erle Granite (see Figure 8).

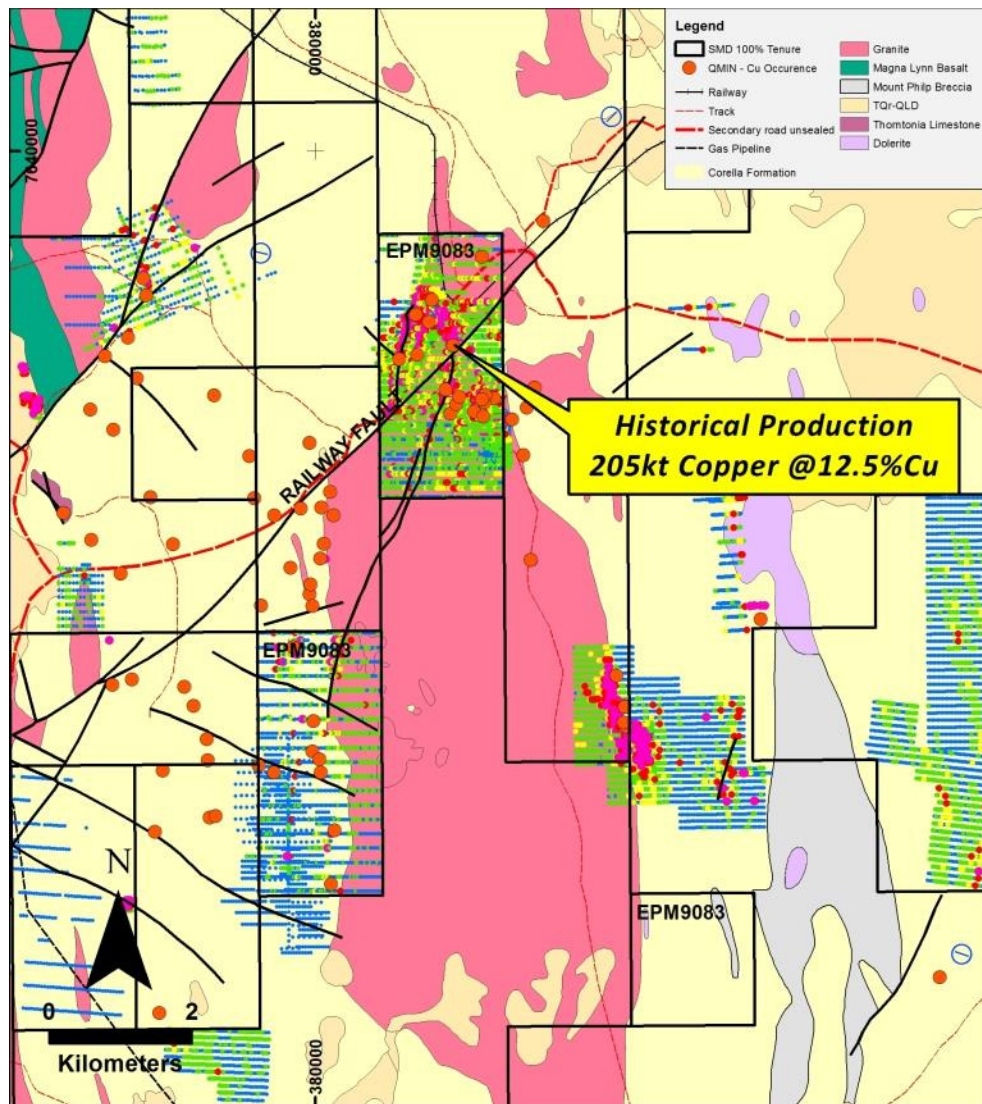


Figure 8 – Southern Hub Duchess soil geochemistry

## Corporate

### New Strategic Direction & Cost Reductions

Subsequent to the end of the Quarter, Syndicated announced 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-west 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-west Queensland.

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 and received the Barbara Feasibility Study completed by CopperChem.

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 opportunities, in the short term, to delineate additional Barbara-style mineralisation in the near-surface environment.

Therefore it is unlikely that additional resources will be defined to complement the Barbara project and allow establishment of on-site processing facilities. Accordingly, the exploitation of the Barbara Mineral Resource will be confined to the scope of works defined in the Mining and Off-Site Processing Study (MOSP) (refer to the ASX announcement of 28 October 2015).

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

- Pursuing opportunities to progress and/or monetise the Company's existing north-west Queensland resource assets, including the Barbara Joint Venture assets; and
- Identifying new resource assets and project opportunities outside of north-west 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.

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 agreed to reduce their remuneration levels by 33% effective 1 October 2015.

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.

### **Cash Reserves**

As at 30 September 2015, the Company had cash reserves of \$0.802 million. The Company has no corporate debt and minimal long-term commitments.

### **Financials**

Net cash outflows for the September Quarter totaled \$0.904 million, predominantly comprising exploration and evaluation expenditure (\$0.706m) and administrative expenses.

Cash outflows for the December 2015 Quarter are expected to total \$0.585 million, inclusive of \$0.379 million of expenditure on exploration expenses.



**Shareholder Information**

As at 30 September, the Company had 374,244,100 fully paid ordinary shares on issue and 714 shareholders. The top 20 shareholders held 62.77% of the Company.

As at the end of the Quarter, the Company had 11,756,757 unlisted options and 19,123,704 performance rights on issue.

For further information on the Company please view our website at: [syndicatedmetals.com.au](http://syndicatedmetals.com.au) or contact:

**Andrew Munckton**

**Managing Director**

**T: 08 9380 9440**

**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.*

*The information in this report that relates to Ore Reserves 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 2012 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 Ore Reserves in the form and context in which they appear.*

*The information in this report that relates to Exploration Targets and Exploration Results 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 2012 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 Targets and Exploration Results 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.*

## Additional Information Required by Listing Rule 5.3.3

Mining tenements held at the end of the Quarter and their location:

<b>Mt Isa - Northern Hub (Mt Remarkable)</b>	
EPM 14281	Application to Transfer
EPM 16112	Granted
EPM 16197	Granted
EPM 17638	Granted
EPM 17914	Granted
EPM 17947	Granted
EPM 18492	Granted
EPM 19049	Granted
EPM 19733	Granted
EPM 25824	Granted
EPM 25915	Application
EPM 26026	Application
<b>Mt Isa - Southern Hub (Fountain Range)</b>	
EPM 9083	Granted
EPM 11013	Granted
EPM 14362	Granted
EPM 14366	Granted
EPM 14369	Granted
EPM 17637	Granted
EPM 18078	Granted
EPM 18082	Granted
EPM 18223	Granted
EPM 18671	Granted
EPM 18980	Granted
EPM 19008	Granted
EPM 25435	Granted
EPM 25439	Granted
EPM 25853	Granted
EPM 25972	Application

Mining tenements acquired during the Quarter and their location:

EPM 9083 – Mt Isa – Southern Hub (Fountain Range). Tenement transferred.

EPM 11013 – Mt Isa – Southern Hub (Fountain Range). Tenement transferred.

EPM 25824 – Mt Isa – Northern Hub (Mt Remarkable). Application now granted.

EPM 25853 – Mt Isa – Southern Hub (Fountain Range). Application now granted.

Mining tenements disposed of during the Quarter and their location:

Nil.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter:

Farm-in Agreements

Nil.

*Farm-out Agreements*

Syndicated is in Joint Venture with CopperChem Limited over portions of tenements EPM19733 and EPM18492 and all of EPM16112 whereby CopperChem may earn a 50% interest in these tenements by funding and managing a feasibility study over the Barbara Project up to a decision to mine. Subsequent to the end of the quarter the Barbara Feasibility Study was delivered and the 50% interest of CopperChem Limited has been earned.

*Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the Quarter:*

Syndicated had an 80% interest in tenements EPM14916, EPM14281 and EPM15070 under the Mt Isa Other Minerals Farm-in and Joint Venture Agreement with Deep Yellow Limited. During the Quarter the Joint Venture was dissolved. EPM14281 is currently in the process of being transferred to Syndicated. EPM14916 and EPM15070 have been retained by Deep Yellow Limited.