

The Company Announcements Officer
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**The following is an *Inside Briefing* interview with
Syndicated Metals Managing Director, Mr Andrew Munckton**

In this interview, Andrew Munckton discusses the drilling program being undertaken by Syndicated Metals (ASX: SMD – market capitalisation: \$7 million – 204M shares on issue) and its joint venture partner, CopperChem Limited (a unit of WH Soul Pattinson – ASX: SOL), as part of the Feasibility Study currently underway to jointly develop the Barbara copper-gold project, located 60km north-east of Mt Isa in North Queensland.

Inside Briefing: Syndicated recently reported some thick copper-gold intersections from an ongoing drilling program at Barbara, including hits of up to 42m @ 1.57% Cu. What are the key objectives of this drilling and what is your assessment of the results received so far? Is this drilling expected to increase the current JORC resource (5.3Mt grading 1.4% Cu for 74,200t of contained copper)?

Andrew Munckton: The drilling program, which is being sole funded by CopperChem as part of their earn-in requirements for their ownership of the Barbara Joint Venture, has two main objectives. Firstly, to confirm the grade, position and style of mineralisation already defined, but to a higher level of confidence – in other words, to “de-risk” the orebody as one of the key considerations of the Feasibility Study. Secondly, to expand the mineralisation along strike and at depth to increase the size of the deposit and hopefully increase the tonnes of payable copper-gold metal that will lie within the upcoming open pit design for the project.

The drilling has so far been very successful on both fronts. We have successfully in-fill drilled the southern part of the pit and encountered wider zones of mineralisation than expected, particularly near surface. The intersection of 42m @ 1.57% Cu you mentioned is the widest high-grade intersection yet encountered in all the drilling at the Barbara Project, so we are very pleased with the results so far.

Inside Briefing: Drilling at Barbara is scheduled to continue until mid-December. What other targets will be tested outside of the immediate Barbara resource and what is the potential of these areas? When do you expect to receive all of the results?

Andrew Munckton: The drilling has now progressed to the outer edges of the pit design to test whether we can extend the ore zones along strike to increase the pit size. The northern extension is important because this is the area where we believe the greatest impact on the pit design can be achieved. Previous drilling has given us some encouragement that there are potential depth extensions available in this area. Even small successes in this area will have a significant impact on the volume of ore inside the pit.

The potential southern extension to the pit is virgin territory for us. There has been no drilling outside of the pit in this area and even the other indicators such as geophysics or soil geochemistry do not extend this far south, so if we get some solid intersections it may open up a whole new approach to this southern extension. Drilling will focus on this area over the next week or so.

Assay results from the northern drilling should be available within the next week or so. The southern drilling results we would expect in about early-to-mid December, so we are expecting strong news flow right up until just before Christmas.

Inside Briefing: This is the first drilling program to be undertaken under the joint venture with CopperChem. What are the components of this joint venture and who is funding this drilling? How do you see Barbara fitting into CopperChem's North Queensland operations?

Andrew Munckton: The Feasibility Study on the Barbara Project is being sole funded by CopperChem as part of their earn-in requirements for 50 per cent of the Joint Venture. This drilling program forms part of the sole funding arrangement.

The Joint Venture involves completion of the Feasibility Study and, subject to the outcomes of the Study, development of Barbara as an open pit and potentially a future underground mine. The most likely scenario is that we would mine, transport and treat the ore through CopperChem's treatment facilities at Cloncurry, where access is guaranteed to the Joint Venture under the Agreement.

The Joint Venture also covers the exploration on the surrounding area, which will be funded 50 per cent by Syndicated and 50 per cent by CopperChem. Syndicated is managing the exploration efforts and CopperChem is managing the Feasibility Study.

Barbara is important to CopperChem because it assists them to fully utilise their excellent infrastructure at Cloncurry. CopperChem has a number of other potential developments available to them, but they chose to invest in and form a joint venture with Syndicated for access to Barbara ore because, I believe, it provided them with a high-grade ore source that is relatively easy and timely to develop.

Also, it provides them with an opportunity to align themselves with an ASX-listed junior with a similar vision and bias towards development, as well as a strong in-house technical and operational team, which Syndicated has. We work well together and I hope we will be able to produce a very good result for both companies.

Inside Briefing: How far advanced is the Feasibility Study on the Barbara development? What are the parameters of the operation being considered by the Study and what is the likely timeline to production at Barbara?

Andrew Munckton: The Feasibility Study commenced in September 2013 and is targeted for completion within 12 months. The drilling program is the first component and from that will flow the metallurgy, engineering and impact studies. Mining, transport and treatment designs come next followed by approvals from landholders, regulators and other affected parties.

At this stage it is difficult to predict the outcomes, but I believe we will probably see a project that produces in the order of 600,000 tonnes of ore per year and 10,000 tonnes of copper-in-concentrate per annum for between 2 and 3 years from the Barbara Open pit. The current and ongoing exploration efforts will be seeking to increase and extend that, but for Barbara I believe that will be about the scope.

Once the Feasibility Study is complete, the Project will be considered by the Joint Venture committee which will recommend potential development to Syndicated and CopperChem, so potentially soon after the Decision to mine we will commence mining followed by treatment and production of concentrates and saleable product.

Inside Briefing: Syndicated is currently raising up to \$2.17 million through a 1-for-3 Entitlement Offer at 3.2c. What will these funds be used for? What has the response been so far from your major shareholders?

Andrew Munckton: The funds being raised will ensure the Company has sufficient funding to take us through to the next major decision point, which is the Decision to Mine following the completion of the Feasibility Study. Syndicated must fund its share of the exploration efforts on the area surrounding Barbara as well as the exciting other exploration projects within our extensive and highly prospective 2,500 km² tenement holding in north Queensland, which we control 100%.

It's still relatively early days in the fund raising process, but a number of our major shareholders, including our major shareholder, have already indicated that they will be supporting the raising. All of the Directors have indicated their intention to take up their entitlements, so there is a strong belief in the strategy and growth potential of the Company moving forward.

Of course, we would like the maximum number of shareholders to participate and so there will be a number of efforts up until the closing date of 4 December to provide shareholders with all the information they should consider before making a final decision. If shareholders wish they may also subscribe for additional shares above their allocation which the company will be allocating in the event there is shortfall available.

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These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for coal and base metal materials; fluctuations in exchange rates between the U.S. Dollar, the Indonesian Rupiah and the Australian dollar; failure to recover the resource and reserve estimates of the Project; the failure of Syndicated Metals Limited's suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions.

Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information.

The information concerning production targets in this announcement are not intended to be forecasts. They are internally generated goals set by the board of directors of SMD. The ability of the company to achieve these targets will be largely determined by the company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into off take arrangements with reputable third parties.

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information above relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.