



## Orebody offers punters a pleasant surprise

HARTLEYS RECENTLY RATED Syndicated Metals Ltd a "speculative buy" after its maiden Kalman molybdenum-copper-gold resource in Queensland "significantly beat our expectations in terms of size".

In an investment note issued last month, analyst Andrew Muir pointed out the brokerage had previously used conservative depth and width parameters, and only focused on the high grade molybdenum core, in a previous assessment of the project.

Syndicated and its Pelican joint venture partner – Kings Minerals Ltd – recently released the maiden resource for Kalman, which is located 62 kilometres south east of Mt Isa.

The deposit, which consists of roughly a 30 metre wide rich molybdenum core grading 1.2% and a 90m wide copper-gold halo grading 0.39% copper, currently contains 49.7 million tonnes of ore grading 0.06% molybdenum,

0.35% copper and 0.16 grams/tonne gold.

Of this, 29.4 Mt belongs to the JV partners as the Kalman orebody has two separate mineralised areas.

And under the terms of their JV arrangement, Kings is earning 70%, although Muir believes Syndicated "provides excellent leverage to this deposit, especially considering it does not have to contribute any expenditure until the completion of a final feasibility study".

"Whilst this initial resource is encouraging, we believe that the deposit will need to be larger to justify the commencement of mining operations," Muir deduced.

"If a critical size was achieved for the deposit to be economically viable, we would expect the orebody to be mined via an open cut operation taking both the molybdenum and copper-gold zones.

"This could potentially lead to an underground operation focusing on only the

high grade molybdenum core accessed via a decline in the pit wall.

"Treatment would be likely to involve a flotation style plant on site producing copper and molybdenum concentrates."

Muir said early 2008 had seen some share price weakness in Kings and, to a lesser extent, Syndicate, on the back of their resource announcement.

According to Hartleys, this was due to the market being disappointed with a lower than expected molybdenum grade, given the high grade intersections reported leading up to the release of the resource.

"The dilutionary effect of combining the two domains somewhat masks the higher grade molybdenum core," Muir explained.

"We note that the (approximate) 30m wide high grade molybdenum zone is double the grade of Moly Mines Ltd's Spinifex Ridge deposit (in Western Australia)."