ASX ANNOUNCEMENT – 28 October 2015

MINING AND OFF-SITE PROCESSING STUDY FOR BARBARA COPPER-GOLD PROJECT COMPLETED

Key Points:

- Study completed for open pit mining at the Barbara Joint Venture Copper-Gold Project in North Queensland at a Feasibility Study level of assessment.

- The study indicated that Off-site Processing of the Barbara deposit is a financially robust project outcome.

- Key outcomes of the Feasibility Study included:
  - Life-of-mine pre-tax cash-flow of $A17.0 million (based on copper price of A$7450/t, gold price of A$1308/oz and silver price of A$22/oz);
  - Ore to be transported to Mt Isa and Cloncurry for toll treatment;
  - Total payable metal production of 16,223 tonnes of copper, 2,753oz of gold and 43,327oz of silver;
  - Mine life of 21 months, based on production from two open pits (North and South);
  - JORC (2012) Indicated Mineral Resource of 3.25Mt at 1.71% Cu, 0.15g/t Au and 2.76g/t Ag and Inferred Mineral Resource of 1.49Mt at 1.34% Cu, 0.16g/t Au and 2.17g/t Ag;
  - Probable Ore Reserve of 818,000t grading 2.23% Cu, 0.20g/t Au and 2.78g/t Ag; and
  - Pre-tax Net Present Value (NPV8%) of A$14.0 million and an Internal Rate of Return (IRR) of 87%.

- The Mining and Offsite Processing Study demonstrates that the Barbara Project is highly sensitive to the copper price, with a 10% increase in the Australian Dollar copper price delivering an additional A$11.6M to the project’s pre-tax cash-flow.

- Regional exploration across multiple areas targeted for potential additional near-surface resources completed. Results show low grade copper mineralisation in the initial holes at Neso and Proteus prospects.

- While the Feasibility Study has outlined a robust open pit copper project, Syndicated and CopperChem have agreed to pursue a number of alternative avenues to realise value from Barbara and the Company’s other Queensland tenements as part of a revised corporate strategy outlined today (see separate ASX release).

Syndicated Metals Limited (ASX: SMD – “Syndicated” or “the Company”) today reported the key results of the Feasibility Study on open pit mining at its Barbara Joint Venture Copper-Gold Project in North 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 (summarised below) has 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**, **2,753oz of gold** and **43,327oz 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.

**Barbara Mining and Offsite Processing Study**

**Feasibility Study Summary & Key Assumptions**

The Mining and Offsite Processing Study is based on the production of copper, gold and silver metal, with ore to be mined from two open pits at the Barbara Project (the North pit and the South pit).

The Study assumes that the mined ore would be trucked to offsite facilities for processing, with sulphide ore to be processed at Glencore’s Mt Isa operations and oxide ore to be processed at CopperChem’s Great Australia Mine (GAM) operations under a toll-treatment arrangement.

The following key assumptions have been made for the Barbara Copper Project (BCP) Mining and Off-Site Processing (MOSP) Study:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Unit</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate</td>
<td>$:USD</td>
<td>1.09</td>
</tr>
<tr>
<td></td>
<td>USD:$</td>
<td>0.917</td>
</tr>
<tr>
<td>Copper Price</td>
<td>USD/lb</td>
<td>3.10</td>
</tr>
<tr>
<td></td>
<td>A$/lb</td>
<td>3.38</td>
</tr>
<tr>
<td>Gold Price</td>
<td>USD/oz</td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>A$/oz</td>
<td>1,308</td>
</tr>
<tr>
<td>Silver Price</td>
<td>USD/oz</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>A$/oz</td>
<td>22</td>
</tr>
</tbody>
</table>

At these prices, Queensland State Government royalties are estimated at 4.24%, 5.0% and 5.0% for copper, gold and silver respectively. The assumption is also made that a viable market exists for BCP product at both the Glencore Mt Isa operations and the CopperChem GAM operations for the duration of the project.

**Financial Model**

Key findings are as follows:

- **Mine life:** 21 months
- **Pre-production cost:** $32.1 million
- **Total operating cost:** $76.3 million
- **Total revenue (life-of-mine):** $125.4 million
- **Net cash flow pre-tax (life-of-mine):** $17.0 million
- **Discount rate:** 8%
- **Pay back:** 17 months
- **IRR pre-tax:** 87%
- **NPV pre-tax (at 8% discounted):** $14 million
**Mineral Resource**

As part of the Study, CopperChem completed an updated Mineral Resource estimate for the Barbara Copper-Gold deposit (see ASX announcement 18 July 2014). The Barbara Mineral Resource was calculated using Ordinary Kriging (OK), within the constructed 0.5% Cu wireframe, and based on all available drilling data is:

- 4.75 million tonnes grading 1.59% copper and 0.15ppm gold for 75,000 tonnes of contained copper and 23,000oz of contained gold.

The Mineral Resource (within the 0.5% Cu wireframe) is classified as either Indicated or Inferred, based on a range of factors including drill-hole spacing and various statistical/geostatistical parameters, and is summarised below:

<table>
<thead>
<tr>
<th>Resource Class</th>
<th>Million Tonnes</th>
<th>Cu %</th>
<th>Au ppm</th>
<th>Ag ppm</th>
<th>Co ppm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated</td>
<td>3.25</td>
<td>1.71</td>
<td>0.15</td>
<td>2.76</td>
<td>281</td>
</tr>
<tr>
<td>Inferred</td>
<td>1.49</td>
<td>1.34</td>
<td>0.16</td>
<td>2.17</td>
<td>369</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4.75</strong></td>
<td><strong>1.59</strong></td>
<td><strong>0.15</strong></td>
<td><strong>2.57</strong></td>
<td><strong>309</strong></td>
</tr>
</tbody>
</table>

**Ore Reserve**

The Probable Ore Reserve estimated as part of the Feasibility Study is based on, and inclusive of, the above stated Mineral Resources. The Barbara MOSP considers only the Indicated Mineral Resource that is economically mineable using Open Pit mining methods with the application of appropriate modifying factors as detailed in Table 1 and summarised below. The maiden Ore Reserve estimate for the Barbara Copper Project is:

<table>
<thead>
<tr>
<th>Reserve Category</th>
<th>Tonnes</th>
<th>Cu %</th>
<th>Au ppm</th>
<th>Ag ppm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proven</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Probable</td>
<td>818,000</td>
<td>2.23</td>
<td>0.20</td>
<td>2.78</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>818,000</strong></td>
<td><strong>2.23</strong></td>
<td><strong>0.20</strong></td>
<td><strong>2.78</strong></td>
</tr>
</tbody>
</table>

**Production**

Production from the BCP, based on both oxide and sulphide ore sources, would comprise 18,200 tonnes of copper-in-ore expected to be mined and processed over 21 months, resulting in payable metal production of 16,223 tonnes of copper, 2,753 ounces gold and 43,327 ounces of silver.

**Planned Mining & Mining Inventory**

The Barbara site layout is shown below, showing coordinates from the local mine grid, along with final pit designs, surface topography, and tenement boundaries:
AMC Consultants were engaged to carry out designs for a waste rock dump (WRD), waste water dams, and access roads.

WRD final and staged designs were completed to ensure that potential acid forming (PAF) waste rock is covered by a minimum 5m thick non-acid forming (NAF) waste rock in all directions. The WRD final design contains all waste rock coming from the South Pit and North Pit.

A diversion channel was designed around the North Pit to divert runoff water during mining and after closure.

AMC completed pit optimisation using Whittle Four-X software (W4X) to determine the size of a potential open pit, and to generate a series of pit shells to be used for mine design and scheduling. CopperChem provided pit optimisation inputs, at December 2014, for metal prices, metal recoveries, royalties, selling costs, ore processing costs, ore haulage cost from Barbara to Mt Isa and to CopperChem’s Great Australia Mine (GAM) south of Cloncurry, road maintenance cost, mining cost, and general and administrative operating costs.

The study manager provided pit slope parameters based on the recommendations of Pells Sullivan Meynik Engineering Consultants (PSM). AMC used the mining model, with allowances for ore loss and waste rock dilution, for pit optimisation.

Pit optimisation was completed separately for the South and North Zones, using indicated and inferred resource blocks. There are no measured resource blocks in the Barbara resource model. Pit optimisation results indicated that open-pit mining of the Barbara deposit is economically viable.

Open-pit mining of the South Pit is possible through staged development, by mining a series of cutbacks that provide ore feed for processing while smoothing waste rock movement requirements.
Pit stages were based on the set of nested pit optimisation shells. The criteria for the selection of the stage shells included identifying a practical mining width. Pushbacks were designed with an average width of 40m, and a minimum width of 20m. Pit stages also needed to contain sufficient ore feed to enable production to be maintained until the waste rock stripping of the next pushback was completed. For waste dump scheduling, the waste rock generated from the pushbacks was matched with the WRD capacity available.

Three potential cutbacks up to the 100% revenue factor pit shell were identified for South Pit scheduling. The smaller North Pit is too small for staging and was designed as a single stage. The single-stage North Pit and the three pit stages of the South Pit can deliver ore feed for almost 1.5 years at the projected processing rate of 0.6Mtpa.

The Project Mining Inventory (PMI) of the pit stages are summarised below:

<table>
<thead>
<tr>
<th>Pit Stage</th>
<th>Ore - kt</th>
<th>Cu %</th>
<th>Au g/t</th>
<th>Waste - kt</th>
<th>Strip Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Pit Stage 1</td>
<td>213</td>
<td>2.10</td>
<td>0.20</td>
<td>981</td>
<td>4.7</td>
</tr>
<tr>
<td>South Pit Stage 2</td>
<td>237</td>
<td>2.34</td>
<td>0.21</td>
<td>1,948</td>
<td>8.3</td>
</tr>
<tr>
<td>South Pit Stage 3</td>
<td>324</td>
<td>2.26</td>
<td>0.19</td>
<td>3,538</td>
<td>11.1</td>
</tr>
<tr>
<td>North Pit</td>
<td>45</td>
<td>2.03</td>
<td>0.19</td>
<td>643</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>818</strong></td>
<td><strong>2.23</strong></td>
<td><strong>0.20</strong></td>
<td><strong>7,111</strong></td>
<td><strong>8.8</strong></td>
</tr>
</tbody>
</table>

*Note – discrepancies in totals due to rounding*

The base-case production schedule for the BCP was based on a total material movement rate of approximately 600,000tpm, aligned with production rates expected from an 80t excavator/120t haul truck fleet combination.

Maximum monthly vertical advances of 15m in ore areas and 30m in waste areas were used to limit the rate of vertical advance. The schedule totals 18 months mining, including the first month for clearing and grubbing. From months 2–4, mining will gradually ramp-up to full production by month 5. From Months 3–6, heap leach (HL) production starts, and the processing of sulphide ores commences in month 7. The processing of sulphide ores continues for a total of 14 months. Total project life is less than two years (18 months mining, with milling and HL from months 3 to 21).

**Capital Costs**

Total capital costs for the BCP Mining and Off-Site Processing Study are estimated at $32.1 million. Of this, $6.7 million is required for capital works associated with road building, equipment purchases, earthworks, closure costs and contingency. The remaining $25.4 million is capitalised earthmoving costs and mining contractor establishment.

Mining contractor costs (both capitalised and operating) are based upon detailed mine designs and schedules which have been priced in a competitive tender process (of three appropriately qualified and capable open pit mining contractors). The most cost effective of which has been used for inclusion in this study.

**Operating Costs**

Total operating costs for the BCP Mining and Off-Site Processing option are estimated at $76 million, summarised below:
<table>
<thead>
<tr>
<th></th>
<th>A$M</th>
<th>A$/t ore</th>
<th>A$/t rock</th>
<th>A$/lb payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining, Staff, Grade Control, Admin</td>
<td>16.4</td>
<td>20.15</td>
<td>2.08</td>
<td>0.46</td>
</tr>
<tr>
<td>Haulage &amp; Road Maintenance</td>
<td>18.1</td>
<td>22.10</td>
<td>2.28</td>
<td>0.51</td>
</tr>
<tr>
<td>Sulphide Ore Tolling</td>
<td>13.7</td>
<td>16.71</td>
<td>1.72</td>
<td>0.38</td>
</tr>
<tr>
<td>Oxide Heap Leach Processing</td>
<td>3.6</td>
<td>4.39</td>
<td>0.46</td>
<td>0.10</td>
</tr>
<tr>
<td><strong>Production Costs</strong></td>
<td><strong>51.8</strong></td>
<td><strong>63.35</strong></td>
<td><strong>6.54</strong></td>
<td><strong>1.45</strong></td>
</tr>
<tr>
<td>Smelter Treatment &amp; Refining Charges (TC’s/RC’s)</td>
<td>20.0</td>
<td>24.40</td>
<td>2.52</td>
<td>0.56</td>
</tr>
<tr>
<td>Royalties</td>
<td>4.5</td>
<td>5.50</td>
<td>0.57</td>
<td>0.13</td>
</tr>
<tr>
<td><strong>Total Operating Cost</strong></td>
<td><strong>76.3</strong></td>
<td><strong>93.25</strong></td>
<td><strong>9.63</strong></td>
<td><strong>2.14</strong></td>
</tr>
</tbody>
</table>

As outlined above, of the $76.3M operating expenditure, 22% is site based, 24% relates to the haulage of ore for processing (to Mt Isa and Cloncurry), with the bulk of the remainder, 49%, attributable to off-site ore processing costs and Treatment & Refining Charges (TC’s/RC’s).

**Sensitivity Analysis**

Sensitivity analysis of the BCP has been carried out, with each item allocated a “range” of variability appropriate to the particular variable. The chart below shows the actual values of each variable at the high and low range.

**Groundwater Studies**

Groundwater that currently resides within the ore body should be depleted once open pit mine development commences and natural recharge will be slow. Groundwater inflow to the open pits is expected to be very low.

**Metallurgy**

Samples of drill core were selected to represent eight different metallurgical domains for the Barbara Copper Project, from both North and South pits.

Representative samples from each metallurgical domain were tested to give both Bond Work Indices and Abrasion Indices. Results generally indicate average grindability but high abrasive characteristics for the sulphide ores from the deeper parts of the South Pit. Oxide ores are soft.
### Flotation

For each metallurgical domain, there were six flotation tests performed; standard rougher tests, straight rougher + cleaner test from a primary P80 grind of 75µm and rougher + cleaner tests with a rougher concentrate regrind. Primary grind was coarser at P80 of 150µm and the regrind target was P80 38µm. The flotation reagents used were the same as those used at CopperChem’s Cloncurry operation: X23 as collector, IF6510 as frother, and lime as pH modifier. The rougher pH was neutral and the cleaner pH was set to 11.0.

The dominant metallurgical domain for the BCP is the South Pit Hangingwall zone, which contains over 85% of the metal mined for the project.

Average flotation performance for the BCP is expected to be:

- 94% recovery of copper into a 30% Cu concentrate;
- 69% Au recovery, average concentrate grade of 1.9g/t Au; and
- 75% Ag recovery, average concentrate grade of 35g/t Ag.

Testwork indicates that the concentrate will be devoid of penalty elements.

Processing of Barbara Project sulphide ores at the Mt Isa Concentrator is not expected to face metallurgical issues. The concentrator comprises proven equipment and process design including conventional crushing, SAG, ball mills, rougher flotation, regrinding, and cleaner flotation. The process includes process control and on-stream analysis. In addition, the plant benefits from having an experienced and stable operating crew.

### Heap Leaching

The leach testwork program was dominated by column leach testwork. Ore samples were crushed to selected sizes (-26mm or -12.5mm) and placed into 2m high 150mm OD Perspex columns. Some samples were agglomerated at optimum sulphuric acid additions as determined by sighter agglomeration tests. The columns were then run for up to 15 weeks. Nominal irrigation rate was 10 L/m2/hr and raffinate strength set to 15 g/L. At each monitoring stage, i.e. twice per week, the PLS was sub-sampled for assay and for Cu extraction using organic solvent. The loaded organic was stripped with acidic solution and the raffinate recycled back to irrigate the column.

The best leach results were achieved for agglomerated -12.5mm material. With most of the initial Barbara Project open pit ore coming from the South Pit Hanging Wall zone. The operation would be set up to crush the oxide material to -12.5mm and would be agglomerated prior to heap leach. Expected acid consumption is 55kg/t and total Cu extraction estimated to reach 82%. North Pit oxides did not leach as well as the South Pit oxides, however still provided satisfactory results.

### Infrastructure and Services

A schematic of the BCP Layout can be seen in Figure 1. Note, no on site treatment of ore is planned.

The infrastructure component of the Barbara Copper Project includes all surface facilities outside the battery limits of the Mining Contractor, including:

- Construction of the Greenback Access Road to a standard suitable for RT2 triple road train capability for ore haulage;
- Targeted upgrades of the Lake Julius Road (LJR), including signage;
- Significant modifications to the LJR – Barkley Highway intersection;
- Installation of raw water bore field and pipework to site;
- Potable water tank and distribution to Mining Contractor offtake point and BCP offices;
- 240v Power generation and distribution to Mining Contractor offtake point and BCP offices;
• Ablution block and sewerage treatment plant for use by Mining Contractor and BCP personnel;
• Turkeys nest for storage of raw water from bore field;
• Lining of water management dams and associated pipework for mine affected water; and
• Offices for BCP personnel.

Certain infrastructure is planned to be carried out by the mining contractor, including:

• Mine roads, essentially all roads running from the Light Infrastructure Area north to the RoM pad, open pits, waste rock dumps etc.;
• RoM pad construction;
• Wash down bay;
• Earthworks portion for water management dam construction, i.e. dumping of waste and shaping of course rock fraction of dam construction;
• Offices, workshops, fuel farm, laydown area, storage area and lockup for Mining Contractor and Drill and Blast Contractor, including explosives magazines.

Marketing and Off-take

Oxide Ore

Toll treatment of the approximately 135,000t of BCP oxide ore is planned at CopperChem’s Great Australia Mine (GAM) operations. The GAM site will crush, screen, agglomerate and stack the oxide ore 2m high for subsequent irrigation/leaching to produce a pregnant leach solution (PLS). The PLS is then treated in the SX Crystal plant, ultimately producing a (24.5% Cu) copper sulphate pentahydrate product for bagging in 2-tonne bulker bags for local sale.

Production and marketing (usually for local sale) of the copper sulphate product has been ongoing for the past 4 years. The production attributable to BCP is expected to be accommodated in the current marketing operations. No gold or silver is extracted using this process.

Sulphide Ore

The BCP sulphide ore floats exceptionally well and is expected to produce a high quality concentrate that is low in deleterious elements and at an average concentrate grade of 30% Cu, 1.9g/t Au and 35g/t Ag.

For off-site processing, it has been assumed the BCP sulphide ore will be trucked directly to Glencore’s Mt Isa operations for stockpiling and feeding into the concentrator under an existing (Exco Resources Ltd/CopperChem Ltd - Glencore International AG) Toll Processing Agreement. This agreement is based on a flat rate per dry tonne ore processed.

Environmental Approval and Permitting

An Assessment of Environmental Impacts document was prepared and submitted to the Queensland state regulatory authorities, Local Landholders, Traditional owners, Community and Industry groups, Local Councils and service providers and adjacent tenement holders for the Barbara Copper Project in December 2014. The document is in support of a site specific EA application.

One objection to the application has been received. This objection is due to be heard in the Queensland Land Court in November 2015.

Access and Compensation agreements have been signed with both the local landholder, West Leichhardt Station and the Kalkadoon #4 Native Title holders.
Regional Exploration Program

Syndicated has recently completed an assessment of a Reverse Circulation drilling program undertaken last month across several target areas within its 100%-owned Northern Hub tenements in North 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 (see Figure 3). Drilling was aimed at determining the relationship between the modelled VTEM plates and the sampled and mapped surface geology (see Figure 4).

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 (see Figures 3 and 4). 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 include:

- **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.
Figure 3 - Mt Remarkable Soil Geochemical Summary indicating locations of the Neso and Proteus Prospects.
Summary

The drilling program has tested the VTEM anomalies that are coincident with the copper-in-soil anomaly at both Neso and Proteus. Both these prospects were found to be brecciated and veined shear zones that contain significant pyrite content with elevated copper grades. These shear zones and veins are interpreted to be derived from the intrusion of the Hardaway Granite to the south and west of the prospects.

No further drilling is planned at these targets at this stage. Syndicated is continuing to review the outcomes of its recent exploration program with the intention to target potentially higher grade copper mineralisation within or adjacent to the pyrite rich veins within the shear zones.

ENDS

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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 have 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 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.
### Appendix 1

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>Northing (m)</th>
<th>Easting (m)</th>
<th>Depth (m)</th>
<th>Dip</th>
<th>Azi</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Interval (m)</th>
<th>Cu (%)</th>
<th>Au (ppm)</th>
<th>Ag (ppm)</th>
<th>Co (ppm)</th>
<th>S (%)</th>
</tr>
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<tbody>
<tr>
<td>NSRC001</td>
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<td>388480</td>
<td>170</td>
<td>-55</td>
<td>55</td>
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<td><strong>Section 1 - Sampling Techniques and Data</strong></td>
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<td><strong>Sampling techniques</strong></td>
<td>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 down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</td>
<td>Sampled 1m intervals using a rig mounted cyclone and 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 are sent to ALS Laboratories for Au and multi-element analysis. Reject sample retained on site.</td>
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<td>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</td>
<td>Sampling was carried out under Syndicated Metals protocols and QAQC procedures.</td>
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<td>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 (e.g ‘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 (e.g submarine nodules) may warrant disclosure of detailed information</td>
<td>Reverse Circulation Drilling has been undertaken using a face sampling percussion hammer with 5 1/4” bits.</td>
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<td><strong>Drilling techniques</strong></td>
<td>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).</td>
<td>Reverse Circulation recoveries are monitored using visual means, approximating bag weight to theoretical weight and checking sample loss though outside return and sampling equipment.</td>
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<td>Method of recording and assessing core and chip sample recoveries and results assessed.</td>
<td>Reverse Circulation holes are collared with a well-fitting stuffing box, material to outside return minimized. Drilling is undertaken using auxiliary compressors and boosters to keep hole dry and lift the sample to the sampling equipment. Cyclone and sampling equipment is checked regularly and cleaned. Hole is flushed at end of each sample and end of rod.</td>
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<td>Measures taken to maximise sample recovery and ensure representative nature of the samples.</td>
<td>Recovery is visually checked and sample loss of the fine or coarse fraction is attempted to be minimized using SMD RC drilling protocols.</td>
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<td>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.</td>
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<td><strong>Drill sample recovery</strong></td>
<td>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.</td>
<td>Logging is carried out by a geologist, using SMD logging system which has developed to accurately reflect the geology of the area and mineralisation styles. With very few geologists having worked on the project, the level of consistency of logging remains high.</td>
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<td>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</td>
<td>Reverse Circulation logging is both qualitative and quantitative in nature and captures downhole depth, colour, lithology, texture, alteration, sulphide type, sulphide percentage, structure. Core logging captures RQD, Recovery, and orientated structures. Magnetic susceptibility also collected.</td>
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<td>The total length and percentage of the relevant intersections logged.</td>
<td>All drillholes are logged in full.</td>
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<td><strong>Sub-sampling techniques and sample preparation</strong></td>
<td>If core, whether cut or sawn and whether quarter, half or all core taken.</td>
<td>No core holes drilled at Neso or Proteus.</td>
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<td>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</td>
<td>RC samples are riffle split, when dry. If sample is wet, the sample is dried and split or a scoop is used.</td>
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<td>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</td>
<td>The samples are prepared using an accredited laboratory and follow industry best standard including, oven drying, coarse crushing of core, followed by pulverization of the entire sample in a LM2 to a grind size of 85% passing 75 micron.</td>
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<td>Quality of assay data and laboratory tests</td>
<td>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</td>
<td>Field QC procedures involve the use of certified reference material as assay standards, along with blanks and duplicates.</td>
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<td>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.</td>
<td>Reverse circulation field duplicates are taken 2 in 100 samples.</td>
<td>No geophysical tools were used to determine any element concentrations used in this resource estimate.</td>
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<td>Whether sample sizes are appropriate to the grain size of the material being sampled.</td>
<td>The sample sizes are believed to be appropriate to correctly represent the style, thickness of copper, gold mineralisation in the Mt Isa Inlier.</td>
<td>A handheld XRF instrument was used to determine sample to be sent off for wet chemical analysis.</td>
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<td>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</td>
<td>Analysis of Cu, Fe and S was completed at Mt Isa using the ICP41 scheme, while Au was analysed by ALS in Townsville using fire assay AA25.</td>
<td>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.</td>
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<td>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.</td>
<td>No geophysical tools were used to determine any element concentrations used in this resource estimate.</td>
<td>Syndicated Metals inserts certified standards and duplicates into the sample sequence. Field duplicates and standard control samples have been used at a frequency of 2 field duplicates and 6 standards per 100 samples.</td>
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<td>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.</td>
<td>A handheld XRF instrument was used to determine sample to be sent off for wet chemical analysis.</td>
<td>No geophysical tools were used to determine any element concentrations used in this resource estimate.</td>
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<td>The verification of significant intersections by either independent or alternative company personnel.</td>
<td>Not applicable.</td>
<td>No geophysical tools were used to determine any element concentrations used in this resource estimate.</td>
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<tr>
<td>The use of twinned holes.</td>
<td>Twinned holes have not yet been used.</td>
<td>No geophysical tools were used to determine any element concentrations used in this resource estimate.</td>
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<td>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</td>
<td>Geological, Geotechnical and sampling information is initially collected through an electronic logging system.</td>
<td>No geophysical tools were used to determine any element concentrations used in this resource estimate.</td>
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<tr>
<td>Discuss any adjustment to assay data.</td>
<td>No adjustments or calibrations were made to any assay data used in this estimate.</td>
<td>No geophysical tools were used to determine any element concentrations used in this resource estimate.</td>
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<td>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.</td>
<td>All SMD drill holes have been accurately surveyed by contract surveyors using a DGPS instrument. For the majority of holes, downhole surveys have been conducted at regular intervals using single shot cameras.</td>
<td>All SMD drill holes have been accurately surveyed by contract surveyors using a DGPS instrument. For the majority of holes, downhole surveys have been conducted at regular intervals using single shot cameras.</td>
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<td>Specification of the grid system used.</td>
<td>GDA94 MGA Zone 54 datum North.</td>
<td>GDA94 MGA Zone 54 datum North.</td>
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<td>Quality and adequacy of topographic control.</td>
<td>A LIDAR topographic survey has been undertaken and is nominally accurate to +/- 0.3m on flat terrain.</td>
<td>A LIDAR topographic survey has been undertaken and is nominally accurate to +/- 0.3m on flat terrain.</td>
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<td>Data spacing for reporting of Exploration Results.</td>
<td>The Drill spacing was considered adequate to establish both geological and grade continuity.</td>
<td>The Drill spacing was considered adequate to establish both geological and grade continuity.</td>
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<td>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.</td>
<td>The Drill spacing was considered adequate to establish both geological and grade continuity.</td>
<td>The Drill spacing was considered adequate to establish both geological and grade continuity.</td>
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<td>Whether sample compositing has been applied.</td>
<td>All samples were collected as 1m samples. No compositing was necessary.</td>
<td>All samples were collected as 1m samples. No compositing was necessary.</td>
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<td>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</td>
<td>The drill orientation has not been optimal. Two directions of drilling completed.</td>
<td>The drill orientation has not been optimal. Two directions of drilling completed.</td>
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<td>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.</td>
<td>No bias is currently known.</td>
<td>No bias is currently known.</td>
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<td>Sample security</td>
<td>The measures taken to ensure sample security.</td>
<td>Samples are stored on site and transported to ALS Laboratories in Mt Isa by Syndicated Metals for preparation. Sample numbers used for drilling.</td>
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<td>Audits or reviews</td>
<td>The results of any audits or reviews of sampling techniques and data.</td>
<td>No site visit undertaken.</td>
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### Criteria JORC Code explanation

#### Section 2 – Reporting of Exploration Results

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<tr>
<td><strong>Mineral tenement and land tenure status</strong></td>
<td>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The Neso and Proteus deposits are located within EPM17947. The current registered holder for EPM17947 is Syndicated Metals Limited (SMD). The tenements sit within the Kalkadoon People #4 Native Title claim. The tenements are in good standing and no known impediments exist.</td>
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<tr>
<td><strong>Exploration done by other parties</strong></td>
<td>Acknowledgment and appraisal of exploration by other parties. No work by other parties is reported as part of this announcement.</td>
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<tr>
<td><strong>Geology</strong></td>
<td>Deposit type, geological setting and style of mineralisation. The Neso and Proteus prospects shear hosted vein style deposits hosted within Leichardt Volcanic rocks associated with intrusion of the Hardaway Granite within the Mt Isa Inlier.</td>
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<tr>
<td><strong>Drill hole Information</strong></td>
<td>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: Refer to attached Table 1. Easting and northing of the drill hole collar Refer to attached Table 1. Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar RL Derived from LIDAR survey results not included in Table 1. Dip and azimuth of the hole Refer to attached Table 1. Down hole length and interception depth Refer to attached Table 1. Hole length. Refer to attached Table 1. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. Refer to attached Table 1.</td>
</tr>
<tr>
<td><strong>Data aggregation methods</strong></td>
<td>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Refer to attached Table 1. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The high grades in the exploration results have not been cut. Lower cut off is nominally 0.3%Cu with a maximum of 3m sub 0.5% Cu internal dilution to make up the full intersection. The assumptions used for any reporting of metal equivalent values should be clearly stated. No metal equivalent values are used for reporting exploration results.</td>
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<tr>
<td><strong>Relationship between mineralisation widths and intercept lengths</strong></td>
<td>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. At Neso and Proteus two directions of drilling have been completed. Holes have been drilled at azimuths of 90 and 270 degrees and dips of -60. The target zone dips between 70 degrees and 85 degrees to the south west. The intersection angle between the ore zone and drilling are between 75 and 90 degrees to the mineralised zones. Therefore reported downhole intersections for -60 degree holes can be on average 10% to 30% greater than the true width. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’). See above.</td>
</tr>
<tr>
<td><strong>Diagrams</strong></td>
<td>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. Refer to Figures 3 and 4.</td>
</tr>
<tr>
<td>Balanced reporting</td>
<td>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</td>
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<td>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</td>
</tr>
<tr>
<td>Other substantive exploration data</td>
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<td>Further work</td>
<td>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</td>
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<td>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</td>
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</tbody>
</table>
### Section 4 – Estimation and Reporting of Ore Reserves

<table>
<thead>
<tr>
<th><strong>Criteria</strong></th>
<th><strong>JORC Code explanation</strong></th>
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</table>
| **Material Resource estimate for conversion to Ore Reserves** | **Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.**  
Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.  
- Mineral Resource estimates at Barbara were created using Ordinary Kriging (OK) within constructed 0.5% Cu wireframe and based on all available drill hole data. Estimates of Cu, Au, Ag, Co, As, Fe, S and density were made using appropriate statistical parameters and variogram.  
- The Mineral Resource estimate was completed in June 2014.  
- Mineral Resources reported are inclusive of Ore Reserves. |
| **Site visits** | **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.  
- Site visits by Competent Persons were made to site on numerous occasions between January 2014 and June 2015.  
- During the visits drill core, open pit mining conditions and site layouts were examined.  
- Processing facilities were visited at GAM and Mt Isa by contractors and consultants reporting to the Project Manager and Competent Person. |
| **Study status** | **The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.**  
The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.  
- This Ore Reserve is based on designs and estimates consistent with a detailed Feasibility Study. The cost estimates were derived from Vendor estimates specific to the project and are considered to be within +/- 15% order or accuracy.  
- A detailed mine plan was developed from which a practical mine schedule was determined. The mining method will use standard open pit mining and grade control techniques to recover economic mineralisation.  
- Amongst others the mining design included geotechnical analysis and mine design parameters in keeping with industry experience in similar operations in the region. |
| **Cut-off parameters** | **The basis of the cut-off grade(s) or quality parameters applied.**  
- The Net Smelter Return (NSR) method was used to determine economic cut off grades for mineralisation. The NSR values were derived on a "mine gate" sale basis. The NSR Value was adjusted for processing charges, TC/RC, transport costs and handling charges on all payable metal. Payable Metals are Cu, Au and Ag. |
| **Mining factors or assumptions** | **The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).**  
The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.  
The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.  
The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).  
The mining dilution factors used.  
The mining recovery factors used.  
Any minimum mining widths used.  
The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.  
The infrastructure requirements of the selected mining methods.  
- The Mineral Resource Model at 0.5% Cu wireframe was supplied to AMC Consultants for design and optimisation purposes. AMC applied a number of methods to quantify the effect of ore loss and dilution on the block model depending upon the width and continuity of ore grade material in the model. These methods included external skin dilution, selective mining unit dilution and ore loss and mining process (drill, blast, excavate, truck) ore loss and dilution.  
- The final mining model selected included 9% ore loss and 9% dilution at mineralised waste grade on average. The resultant mining model contained similar tonnage, 11% lower copper grade and 10% lower contained copper metal than the corresponding Mineral Resource Model.  
- Regularised SMU of 3m x 3m x 2.5m with a diluted grade greater than 0.71% Cu was adopted. |
| **Metallurgical factors or assumptions** | **The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.**  
Whether the metallurgical process is well-tested technology or novel in nature.  
The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.  
Any assumptions or allowances made for deleterious elements.  
The existence of any bulk sample or pilot scale test work and  
- The metallurgical process will use either Heap Leaching at GAM or flotation at Mt Isa dependent upon the oxidation state of copper in ore to recover the valuable metals.  
- Oxide ores were tested with 24hr acid consumption on crushed 12.5mm samples, 10hr acid consumption tests on pulverised samples, ISO pH tests at pH 1.4, 1.8 and 2.2. Intermittent bottle roll tests at different crush sizes, agglomeration and percolation tests.  
- Composite ore samples from each metallurgical domain (3 in total) were subject to column leach
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Notes</th>
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<tr>
<td>Revenue factors</td>
<td>The degree to which such samples are considered representative of the orebody as a whole. For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</td>
<td>Tests and net acid consumption tests for up to 15 weeks.</td>
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<td>• Adopted recovery and acid consumption parameters were estimated from test results and practical experience at the GAM Heap Leach circuit.</td>
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<td>• Fresh ores were subject to a comprehensive flotation test work regime. Composite samples from six Metallurgical domains were tested at a variety of grind sizes and flotation addition regimes for rougher concentrate recovery and grade. In addition, regrinding tests and cleaner recovery tests were performed on rougher concentrate to simulate the Mt Isa copper recovery circuit process.</td>
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<tr>
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<td></td>
<td>• Adopted recovery and reagent consumption parameters were estimated from test results and practical experience at the Mt Isa copper processing circuit.</td>
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<td>• Concentrate specifications achieved in test work were at a level that would not attract deleterious element penalties.</td>
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<td>Environmental</td>
<td>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</td>
<td>Environmental Geochemistry (Consultants) undertook a test work program on Potentially Acid Forming (PAF) rocks within the pit design. Approximately 15% of the 121 samples tested were PAF with the majority of these being ore material with limited exposure to PAF conditions at site. Any PAF materials reporting to Waste landforms will be incorporated within the landform.</td>
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<td>Infrastructure</td>
<td>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</td>
<td>• The project is supported by limited existing infrastructure including GAM and Mt Isa processing facilities, Barkley Hwy and Lake Julius roads for ore haulage and existing water bores and upgrades to existing station roads and access tracks.</td>
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<td>• New infrastructure includes upgrades to Lake Julius Barkley Hwy, Mine Road construction, RoM pad, Contractors area and temporary site offices.</td>
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<td>• A permanent drainage line diversion will be constructed around the North Pit to avoid flooding during mining operations.</td>
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<td>• Labour and accommodation will be sourced from existing Mt Isa and Cloncurry population centres.</td>
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<tr>
<td>Costs</td>
<td>The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. The allowances made for royalties payable, both Government and private.</td>
<td>Capital Costs for the project are provided by Vendor quotes for supply based on design and scope specific to the project. Where Vendor quotes were not available cost estimates were provided by Consultants with expertise in the specific field based on local operating experience.</td>
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<td>• Operating Cost estimates were provided by Vendor quotes based on design and scope for the specific project.</td>
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<td>• TC/RC and Toll Treatment Operating costs were provided from operating experience at GAM Heap Leach from CopperChem or from Glencore at Mt Isa from existing contract terms and conditions under which CopperChem is treating ore and copper concentrate through Glencore’s processing facilities.</td>
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<td>• Allowances for Government royalties were made for all payable metals in concentrate.</td>
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<tr>
<td>Revenue factors</td>
<td>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</td>
<td>The project head grade was determined on a month by month basis from detailed schedule of mining and transport of the Ore Reserve.</td>
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<td>Provision was made within the cashflow analysis for transportation and treatment charges and payment terms of processing providers for the principal metals and co-product metals.</td>
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<td>Market assessment</td>
<td>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. A customer and competitor analysis along with the identification of likely market windows for the product. Price and volume forecasts and the basis for these forecasts.</td>
<td>An assumption that a viable market exists for BCP product at both the Glencore Mt Isa operations and CopperChem GAM operations for the duration of the project.</td>
</tr>
<tr>
<td>Economic</td>
<td>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs.</td>
<td>• In the December 2014 quarter average copper, gold and silver prices and AS:US$ exchange rates were applied to pit optimisation parameters. CopperChem provided selling costs in line with operating conditions being experienced in the December 2014 quarter. • The cash flow was modelled in real terms hence no escalation was applied to the relatively short life project. • Input costs were considered to be +/- 15% accuracy. • Various sensitivity analysis were carried out on the cash flow model. Key parameters were varied by +/- 10%. These parameters included copper and co product metal prices, feed grade, vendor provided cost estimates, selling costs, sulphide and oxide. Trucking and sulphide and oxide Processing costs.</td>
</tr>
<tr>
<td>Social</td>
<td>The status of agreements with key stakeholders and matters leading to social licence to operate.</td>
<td>• A Conduct and Compensation agreement has been signed with the local landholder West Leichhardt Station. • A Conduct and Compensation agreement has been signed with the local native title holders the Kalkadoon#4 claimant.</td>
</tr>
<tr>
<td>Other</td>
<td>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</td>
<td>• The Barbara JV proponents have applied for a mining lease covering the Barbara Copper Project. The mining lease application is subject to objection by one party. The Queensland DNRM are currently assessing the objection. • A comprehensive assessment of Environmental Impacts document has been provided to the Queensland regulator in support of the Environmental Authority application and Mining Lease application. • Material naturally occurring risks include business interruption due to seasonal rainfall events both at the Barbara site and along the Lake Julius haulage route. Water management plans have been included in the EIA for 1 in 20 year rainfall events.</td>
</tr>
<tr>
<td>Classification</td>
<td>The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person’s view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</td>
<td>• The Ore Reserve is classified in accordance with the guidelines in the JORC Code (2012). Modifying factors and conversions are applied as described above. All of the Indicated Mineral Resources within the mining envelope have been converted to Probable Ore Reserve. The Mineral Resource does not contain any material classified as Measured and therefore does not contain any Proven Ore Reserve.</td>
</tr>
<tr>
<td>Audits or reviews</td>
<td>The results of any audits or reviews of Ore Reserve estimates.</td>
<td>• The Ore Reserve has been subject to internal review.</td>
</tr>
<tr>
<td>Discussion of relative accuracy/confidence</td>
<td>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve 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 reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. 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. Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</td>
<td>• The Ore Reserve is an Estimate derived from the Mineral Resource that sits within the Open Pit design at Barbara North and Barbara South pits. • The Ore Reserve does not contain any material that lies outside the pit design such as the down plunge extension of the South Lode mineralisation • Operating and Capital cost estimates are estimated within a +/- 15% accuracy and derived from Vendor provided quotes or currently estimated costs from existing operations and contract terms for processing at GAM and Mt Isa. • Sensitivity analysis was conducted on the cash flow model over a +/- 10% range of variability for key parameters. The project is most sensitive to realised copper price under this analysis. • The nature of the deposit and the design of the project scope is such that the economic mining envelope is dependent upon metal prices and exchange rate assumptions. Material changes to price assumptions could alter the outcome of the Ore Reserve estimate.</td>
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