

NEWS

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SYNDICATED PLANS TO BOOST COPPER RESOURCES TO MORE THAN 100,000 TONNES AT BARBARA IN QUEENSLAND

By Our Man in Oz

Last month, the market was offered an opportunity to re-rate Syndicated Metals on the back of its exploration success. It didn't, probably because not enough investors actually took the time to read the latest resource upgrade from this low-key company. Unfortunately, what actually happened was that Syndicated reported a 60 per cent increase in the amount of copper it has in its Barbara project, near the central Queensland mining centre of Mt Isa, and its share price dipped. Perhaps the market had been expecting more than 76,000 tonnes of copper and 25,000 ounces of gold. In any case, it cut Syndicated's price from A19.5 cents to A18.5 cents in light turnover.

Whatever the reason for the collective yawn from the market Minesite's Man in Oz set off to discover more about Syndicated, a company with its foot on one of the biggest tenement positions in the prolifically mineralised Mt Isa Inlier, a structure which has yielded a series of world class copper, lead, zinc and silver mines. And what better way to do that than over a beer with Syndicated's chief executive, Russell Davis, at the Subiaco Hotel on the outskirts of Perth, a stone's throw from his office.

It was during that pleasant chat with Russell that two points became obvious. The company has a story to tell but it lacks a salesman. Russell is a geologist with more than 25 years experience kicking rocks in the Australian outback. When it comes to talking about Syndicated's impressive resource upgrade, and possibility of jointing up the two resources at the Barbara North Lode and the Barbara South Lode, he can provide all the technical detail anyone needs, but it's done in a very pragmatic way - without the flare normally seen in an Australian exploration company chief executive with a fire in his belly and a project to promote. Perhaps Russell's low-key style is a relief from the usual hard sell, but Minesite's Man found himself getting more excited about Syndicated's prospects than the man in charge.

"We're pretty confident that Barbara is shaping up as an exciting new mine development opportunity", Russell said. Good-o said Minesite's man. When? "Well, we need to do a bit more drilling to add to our resource inventory." Why, isn't 76,000 tonnes enough to get started? "Well we'd like to lift the project over the 100,000 tonnes mark before we go much beyond the scoping studies we're doing now."

Perhaps 100,000 tonnes is a more impressive number than 76,000 tonnes, but right now Syndicated appears to have enough copper in the ground to get serious about a starter project with a minimum seven year life producing 10,000 tonnes of copper a year. From that production base the company would be well positioned to fund the extra drilling required to pepper the ground between Barbara North and South, and step out to look more closely at the many exploration targets on the company's 2,900 square kilometres of tenement, much of it tantalisingly close to the giant Xstrata mines in and around Mt Isa.

Russell appears to agree. He remarks at one stage that a concept study shows that the current resource is economically viable, either as a stand-alone development or via toll treating at one of the many processing plants which are dotted around the Mt Isa landscape. "We're looking at a number of options, including a central milling facility at Barbara", Russell said. "Recent drilling has significantly extended the area of discovery, with good results from the south at Blue Star, and excellent rock chip samples to the north at Bloodwood and Ironbark." The best among the Blue Star results was 14 metres at 1.63% copper, plus 0.25 grams of gold a tonne, including a three metre intersection at 2.95% copper and 0.67 grams per tonne gold.

In time, it is possible to see those outlying discoveries providing important feedstock to Syndicated's future processing centre. But, that's the question that now hangs over the company - so much is in the future at a time when the copper price is close to an all-time high, and now (not tomorrow) seems the time to strike. The same comments might be made about

Syndicated's other key asset, a 49 per cent stake in the Kalman polymetallic discovery, which is controlled by Kings Minerals, a silver specialist with its eyes set firmly on assets in Mexico. Negotiations to re-start work at Kalman, where little has happened for almost two years, are underway, but it's uncertain when the lever will be flicked from talk to work.

From an investment perspective Syndicated is one of those companies that could be described as a sleeper. What it needs is a wake-up call, and when that happens the investment market will look at the growing metallic inventory, the impressive exploration tenement position, and significantly re-rate the stock. The challenge is knowing when it might happen. Will it be when drilling fills in the missing link between Barbara North and Barbara South? Or when the Barbara copper resource clears the magic 100,000 tonnes mark? Or when management builds up the courage to say it's ready to go mining? Only time will tell.

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