

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT – 2 JULY 2018

**CARNABY RESOURCES EXERCISES OPTION TO ACQUIRE 82.5% INTEREST IN SOUTHERN HUB TENEMENTS, NORTH QUEENSLAND**

**Parties continuing to work towards satisfaction of all conditions precedent**

Further to its ASX announcement of 5 June, Syndicated Metals Limited (ASX: SMD – **Syndicated or the Company**) is pleased to advise that Carnaby Resources Limited (**Carnaby**) has exercised its option to purchase an 82.5% interest in the Company’s Southern Hub exploration tenements in North Queensland (see Figure 1 below).

Subject to the remaining conditions being satisfied, the transaction is expected to result in Syndicated holding a 4% to 5.6% stake in Carnaby, which is undertaking a new gold IPO, while retaining a 17.5% free-carried interest in the Southern Hub tenements.

The transaction will provide the Company ongoing exposure to the consolidation of tenure around the Tick Hill Gold Project and future exploration upside in Carnaby’s Western Australian and Queensland projects.

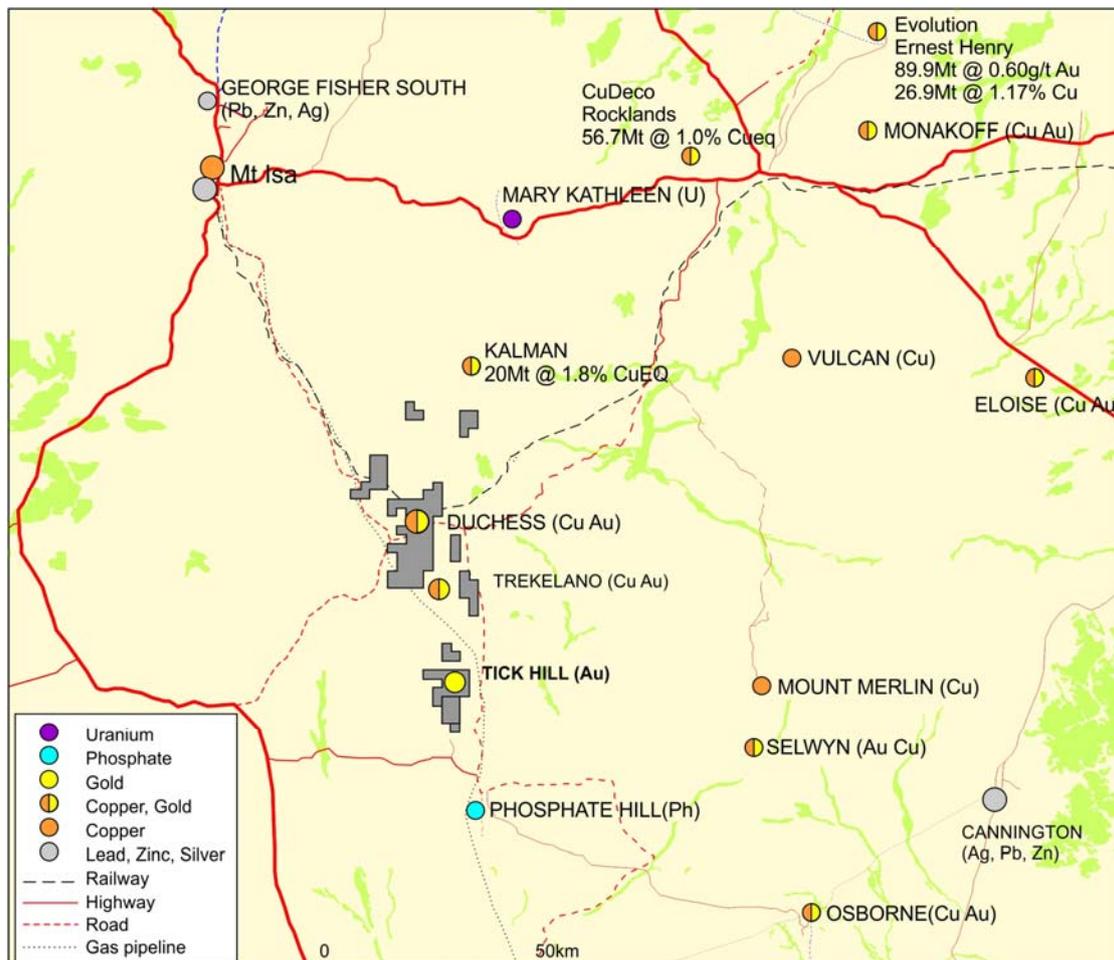


Figure 1 – Southern Hub tenement package (shaded grey)

The transaction is consistent with Syndicated's strategy of crystallising value from its extensive North Queensland exploration portfolio, while maintaining its focus on its Monument Gold Project and other new project opportunities in WA.

Last year, Syndicated sold its 50% share of the Barbara Copper Project in North Queensland to its joint venture partner, Round Oak Minerals Pty Ltd (formally CopperChem Ltd), for \$2.3 million in cash and a future production royalty. The Company recently disposed of its Northern Hub tenements to Minotaur Exploration (ASX: MER) for \$400,000 in cash and shares (refer SMD ASX announcement dated 23 May 2018).

### **Key Terms of Agreement with Carnaby**

Full details of the agreement with Carnaby were set out in the Company's ASX release of 5 June 2018. The consideration for the sale is 4,000,000 fully paid ordinary shares in Carnaby at a deemed issue price of 25c per share. The shares are expected to be escrowed for a period of 12 months from the date the shares are issued to Syndicated.

Following the exercise of the option by Carnaby, completion of the sale is conditional upon the satisfaction or waiver of several conditions precedent within 120 days after signing the agreement. These conditions were set out in the announcement of 5 June 2018 and include Carnaby lodging a Prospectus with ASIC for its proposed listing on the ASX and Syndicated obtaining shareholder approval.

### **About Carnaby**

Carnaby is an Australian exploration company which has established a highly prospective portfolio of gold and copper projects in Queensland and Western Australia and is aiming to list on the ASX following its planned IPO.

Following completion of the IPO, Carnaby's assets will include:

- A 310km<sup>2</sup> land package centered on the Tick Hill Gold Mine and the Southern Hub copper-gold assets in Queensland, where it plans to commence a 15,000m drilling program shortly after listing (the Tick Hill gold deposit was discovered in 1989 and was mined over four years from 1991-1995, at a time when the average gold price was approximately US\$350 per ounce. The 70m deep open pit produced 180,000oz at 18.1g/t Au, while a 165m underground produced 331,000oz at 26g/t Au)<sup>1</sup>;
- The 173km<sup>2</sup> Porphyry North land package in a lightly explored section of the prolific Carosue Dam/Porphyry Belt of the Eastern Goldfields; and
- The 810km<sup>2</sup> Malmac land package on the Proterozoic age, Yilgarn Block margin.

Carnaby is led by Peter Bowler as non-executive Chairman and Robert Watkins as Managing Director who are key founding executive directors of the Brazilian gold company Beadell Resources and previous to that Agincourt Resources prior to being taken over by Oxiana.

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<sup>1</sup> <https://mining-atlas.com/operation/Tick-Hill-Gold-Mine>