

28th October 2011

## QUARTERLY REPORT FOR THE THREE MONTHS ENDED SEPTEMBER 30<sup>TH</sup> 2011



Syndicated Metals Limited (Syndicated) (ASX:SMD) has a clear strategy to build a substantial long-term base metals and gold business through a strategic program of exploration, discovery and acquisition based on its over 4,000 km<sup>2</sup> tenement holdings in the Mount Isa region of Northwest Queensland.

### Quarter Highlights

- Maiden mineral resource estimates received for Blue Star and Green Zone deposits, increasing the combined copper-gold resources at Mount Remarkable to an **estimated 5.9 million tonnes at 1.4% Cu and 0.14g/t Au containing 84,000 tonnes copper and 26,000 ounces of gold**;
- Blue Star and Green Zone are considered complementary to the existing Barbara copper-gold deposit with potential to provide additional shallow open pit ore sources;
- Initial 5 hole drilling program at Kalman returns significant shallow copper-gold and molybdenum-rhenium intersections including **20 metres at 0.82% Cu and 0.59g/t Au and 5 metres at 0.3% Mo and 10g/t Re** confirming the open-pittable potential of the zone. Strongly elevated gold values up to 3.05g/t Au also encountered;
- Strong EM conductors bolster the Andy's Hill IOCG target near Kalman;
- Land access agreements completed for the Mount Isa area projects ahead of recommencement of drilling at Kalman;
- Heritage clearance surveys completed at Ironbark, Bloodwood and Yamamilla copper-gold prospects ahead of proposed drilling;
- Mining studies and environmental baseline studies and surveys ongoing at Barbara in preparation for mining lease application.

### DIRECTORS & MANAGEMENT

**Martin Pyle**  
Chairman  
**Russell Davis**  
Managing Director  
**Bruce McCullagh**  
Non-Executive Director  
**Jan Hope**  
Non-Executive Director  
**Ki Deok (KD) Park**  
Non-Executive Director  
**Trevor Leahey**  
Project Manager – Mount Isa

### CORPORATE

ABN 61 115 768 986  
**Market Capitalisation**  
(30/9/2011)  
\$12 million (at 11.5c per share)  
**Issued Capital** (30/9/2011)  
104.2 million ordinary shares  
21.5 million unlisted options  
6.95 million listed 20c options  
**Cash** (30/9/2011): \$2.3 million

### CONTACT DETAILS

**Principal & Registered Office**  
Level 1, 68 Hay Street  
SUBIACO WA 6008  
**Phone**  
61 8 9380 9440  
**Fax**  
61 8 9380 9449  
**Email**  
[info@syndicatedmetals.com.au](mailto:info@syndicatedmetals.com.au)  
**Website**  
[www.syndicatedmetals.com.au](http://www.syndicatedmetals.com.au)  
**Postal Address**  
GPO Box 2810 Perth WA 6000

ASX CODE: SMD



**Syndicated Metals Limited** controls one of the largest landholdings in Queensland's Mount Isa mining province close to major players in the area including BHPB, Xstrata, Ivanhoe Australia and Mining and Metals Group. Its tenements contain two complementary advanced projects, Mount Remarkable and Kalman, both of which have development potential and are surrounded by ground highly prospective for further discoveries. The Company currently manages a combined estimated resource inventory (on a 100% basis) 270kt of copper, 30kt tonnes of molybdenum, 2.3 million ounces of rhenium and 320koz of gold.

### ***Kalman Project***

The Kalman molybdenum-rhenium-copper-gold deposit is located around 60 kilometres southeast of Mount Isa in Northwest Queensland. A new farm-in and joint venture agreement at Kalman was completed with Cerro Resources NL (Cerro) in May 2011.

Under the new agreement Syndicated can earn up to an 80% interest in the +700km<sup>2</sup> Mount Isa tenement package that includes the Kalman deposit. Syndicated also holds several 100% owned tenements in the Kalman area.

Since assuming management of the joint venture, Syndicated has completed a review of the project data and commenced a drilling program designed to define shallow open-pittable copper-gold and molybdenum-rhenium mineralisation in the upper parts of the deposit with the potential to complement the company's copper-gold resources at Mount Remarkable. This programme is scheduled to be followed by deeper drilling to improve the definition of the underlying high grade core of the Kalman deposit.

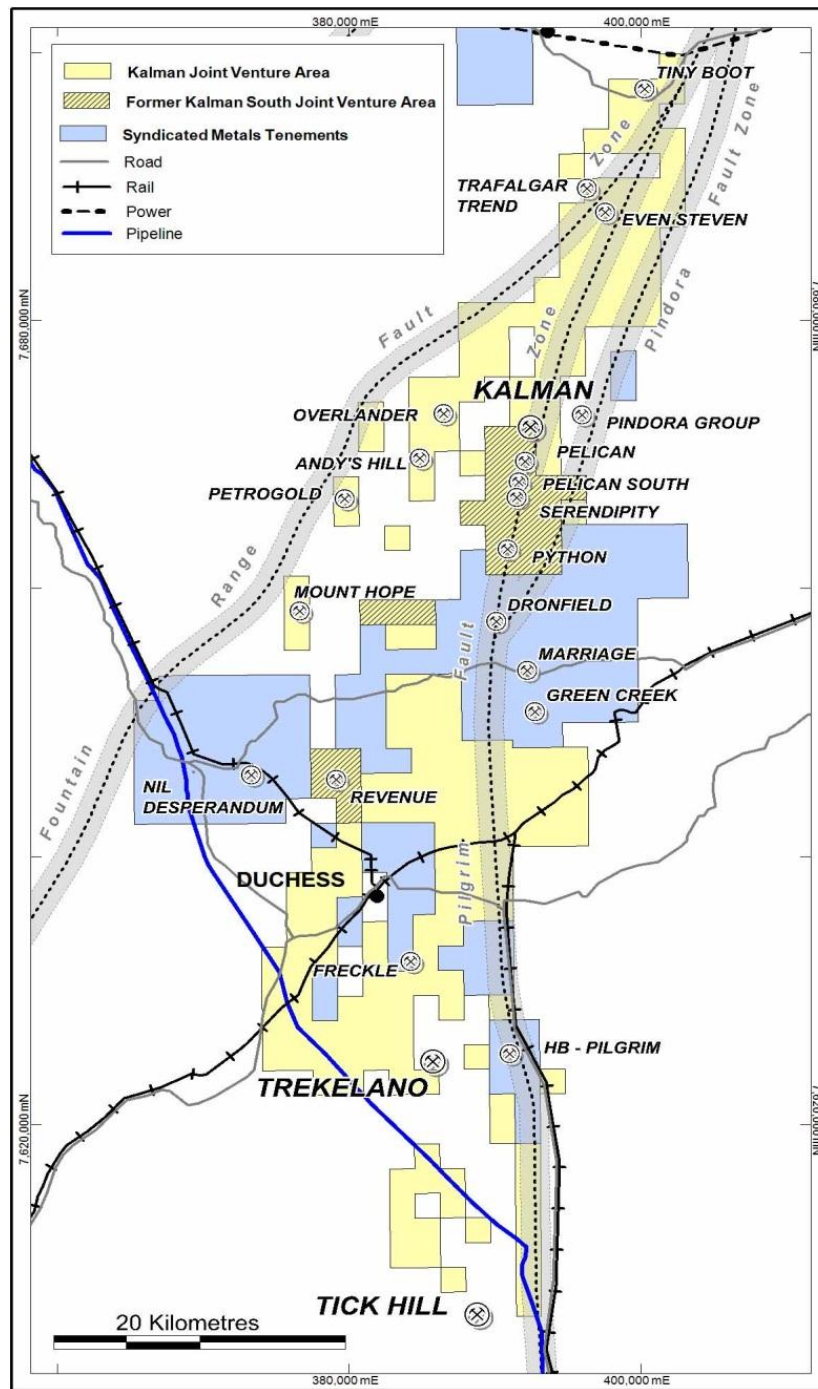
This programme was temporarily suspended after completing the first five shallow holes in order to complete land access agreements in order to comply with new Queensland land use legislation under the Access & Compensation Provisions of the Mineral Resources Act. These agreements are now complete and drilling at Kalman is scheduled to recommence when a suitable drilling rig becomes available.

Previous work at Kalman concentrated largely on the deeper parts of the deposit. However, limited shallow drilling along the 1000 metre long surface expression of the deposit intersected significant copper and gold intercepts including 25 metres @ 1.5% Cu and 0.25g/t Au from 38 metres, 20 metres @ 1.1% Cu and 0.9g/t Au from 22 metres and 13 metres @ 1.2% Cu and 0.7g/t Au from 46 metres depth. A number of deeper high grade copper gold intercepts also remain untested in the up-dip and near-surface portion of the deposit.

Assay results for the first five holes of a Stage 1 program of 25 holes are shown in Table 1 in Appendix 1. The holes which were located at the northern end of the deposit returned a number of broad intersections of copper-gold along with intervals of high grade molybdenum-rhenium including 20 metres at 0.82% Cu and 0.59g/t Au and 5 metres at 0.3% Mo and 10g/t Re. (*Refer to the ASX announcement dated September 14, 2011.*)

The zones of mineralisation encountered are all continuous with deeper intersections and confirm that the copper and molybdenum mineralisation extends to surface. Strongly elevated gold values with a number of +1g/t Au intervals were also considered to be very encouraging with the results validating the Company's confidence in the near surface potential of the Kalman deposit.

With the recommencement of drilling, Syndicated will continue its planned program working systematically south from the northern end of the deposit where the initial five holes were drilled. A further 3,000 metres of RC and diamond drilling is schedule for the current programme at Kalman.



**Kalman Project Tenements**

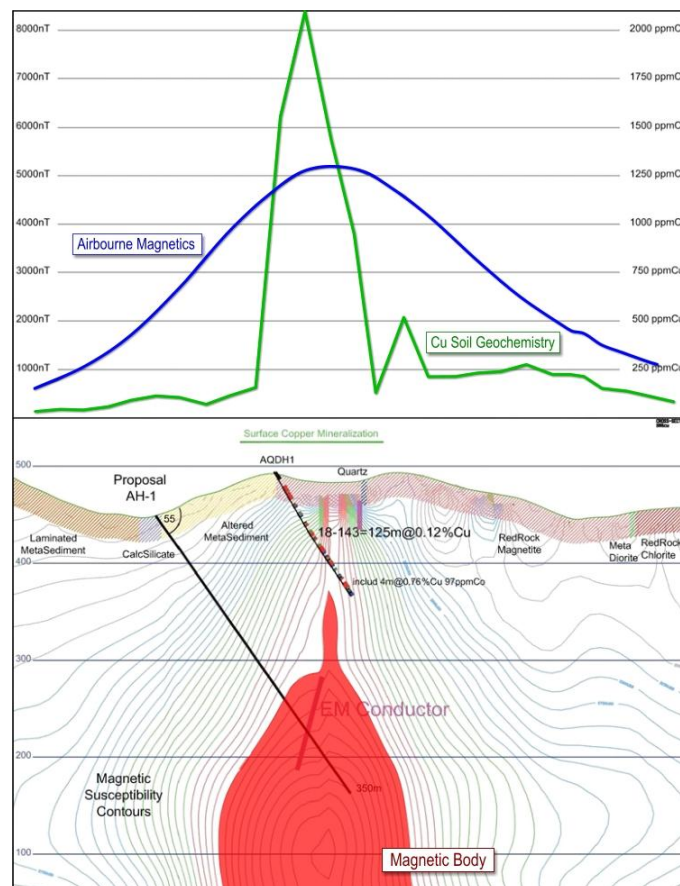
### Andy's Hill IOCG Prospect

The Andy's Hill prospect is located 8 kilometres west of the Kalman molybdenum-rhenium-copper-gold deposit within the Kalman joint venture with Cerro Resources. The prospect comprises a zone of strong "red-rock" alteration and copper soil anomalism coincident with a strong magnetic anomaly and represents a prime iron-oxide copper-gold (IOCG) target. A Queensland government co-funding drilling grant is available to the joint venture to test this target.

During the September Quarter Syndicated announced results of a fixed loop electromagnetic (EM) survey run at Andy's Hill using the Landtem SQUID sensor and Crone PEM receiver. (Refer to the ASX announcement dated August 4<sup>th</sup> 2011.)

Two anomalies were resolved with a sharp (shallow) anomaly superimposed on a much broader (deeper) response. The data suggests that at least part of the deeper source may be a strong to very strong conductor. A drill hole AQDH1 which was drilled by a previous explorer in 1976 at a location between the two possible EM sources intersected 125 metres @ 0.12% copper.

Syndicated plans to site a drill hole to intersect a point more than 200 metres below surface in order to test the deeper EM conductor and magnetic anomaly. A suitable diamond drilling rig is currently being sought.



**Andy's Hill Cross-Section**

### **Geochemical Sampling**

Due to the effectiveness of previous soil sampling in defining new targets such as Pelican, Serendipity and Dronfield along strike of Kalman; soil geochemical sampling was continued south from Dronfield, approximately 15 kilometres south of the Kalman deposit. The sampling has extended the existing sampling coverage along the Pilgrim Fault zone by approximately 4 kilometres.

A total of 1373 samples were collected during the quarter and to date the base metal contents for about half the samples have been determined using a NITON XRF analyser. A number of strongly elevated copper responses of up to 1800ppm Cu were returned from within the fault zone and field inspections of these anomalies are currently underway.

Approximately 40 kilometres of the 100 kilometre strike length of the fault held either by the joint venture and Syndicated has been systematically soil sampled at this stage.

### **Mount Remarkable Project**

The Mount Remarkable Project, which includes the Barbara copper-gold deposit (5.3 million tonnes at 1.4% Cu and 0.1g/t Au) , is located around 60 kilometres northeast of Mount Isa. All the tenements are 100% owned by Syndicated apart from two groups in joint venture with other parties, namely the West Leichhardt Joint Venture with Mount Isa Metals Limited and the Yamamilla (Mount Isa Base Metal) Joint Venture with Deep Yellow Limited.

Following drilling carried out at the Blue Star and Green Zone prospects during 2011 a maiden resource was calculated for the deposits increasing the total combined copper-gold resource at Mount Remarkable on a 100% basis for the three deposits to an estimated 84,000 tonnes copper and 26,000 ounces of gold. *(Refer to Appendices 1 and 2 for individual deposit resource tabulations.)*

### **Blue Star and Green Zone Mineral Resource Estimates**

Blue Star and Green Zone are both located within the West Leichhardt Joint Venture tenements (Green Zone within EPM16112 and Blue Star within EPM16197) where Syndicated holds 51% and management.

Runge Limited, an independent geological and mining consultancy, was contracted by Syndicated Metals Limited ("Syndicated") to provide the resource estimate for each deposit. *(Refer to ASX release dated October 24<sup>th</sup> 2011 and Appendix 1 for details of the resource estimates.)*

- **Inferred Mineral Resource Estimate for Blue Star is 177,000 tonnes at 2.31% Cu and 0.27g/t Au** at a 0.5% Cu cut-off containing an estimated 4,100 tonnes of copper and 1,520 ounces of gold;
- **Inferred Mineral Resource Estimate for Green Zone is 430,000 tonnes at 0.9% Cu** at a 0.5% Cu cut-off containing an estimated 3,860 tonnes of copper;

Both deposits have potential for open pit mining and will be incorporated into ongoing in-house mining studies being undertaken on Syndicated's Mount Remarkable and Kalman deposits. Blue Star in particular merits further extensional drilling along strike and at depth to test for extensions of the high grade shoots.

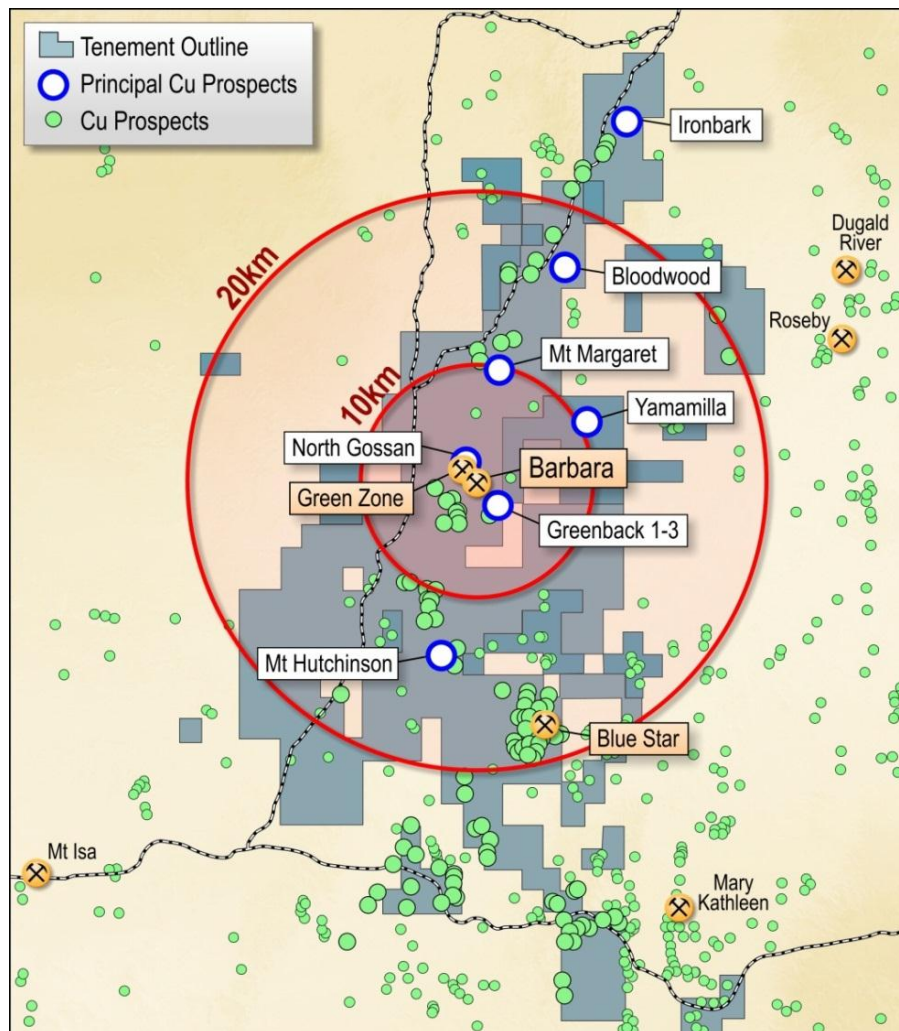
Environmental baseline studies are continuing with the field components of the both the wet season and dry season flora and fauna studies completed.

### **Exploration Program**

Geological consultants have recently completed a data compilation and field program designed to firm up and prioritise drill targets at the Ironbark, Bloodwood and Yamamilla copper-gold prospects located to the north and east of the Barbara deposit.

Recently completed aboriginal heritage work clearance surveys have cleared the way for the drilling.

Drilling of these targets is now expected either late 2011 or early 2012.



**Mount Remarkable Project Locations**

## **Corporate**

Syndicated's cash balance at the end of September 2011 was \$2.3 million.

## **Competent Person's Statement**

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Russell Davis 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 Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Davis is a full-time employee of Syndicated Metals Limited and consents to the inclusion in the report of the Exploration Results and Mineral Resources in the form and context in which they appear.

The data quoted in this release that relates to the Mineral Resources for the Blue Star and Green Zone deposits is based on information evaluated by Mr Robert Williams who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience which is 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Williams is a full time employee of Runge Consultants and consents to the inclusion in the release of the Mineral Resource statements in the form and context in which they appear.

## **Company Background**

Syndicated is focused on building a substantial, long-term base metals and gold business in the Mount Isa region mining province of Northwest Queensland, one of Australia's premier base metals mining regions.

The Company is building on its already significant metal resource inventory in the Mount Isa region where it now controls tenements covering an area of over 4,000km<sup>2</sup>. Syndicated's key projects include Mount Remarkable where the Barbara copper-gold resource is advancing towards production and the Kalman (molybdenum-rhenium-copper-gold) deposit. These projects are both located within 60 kilometres of existing infrastructure at the Mount Isa mining centre with near surface copper-gold at Kalman considered likely to complement the existing resources at Barbara, boosting the potential for early mine development.

Korea Zinc Company Ltd, through its Australian subsidiaries holds a 13% interest in Syndicated.

For further information on the Company view our website at [www.syndicatedmetals.com.au](http://www.syndicatedmetals.com.au) or contact:

**Russell Davis**  
**Managing Director**  
**T: 0419 195 087**

**Martin Pyle**  
**Chairman**  
**T: 0429 999 552**

## Appendix 1

**Table 1: Kalman Drilling Results – K-116 to K-120**

Hole Number	From m	To m	Length m	Cu %	Au g/t	Ag g/t	Mo ppm	Re g/t	Cueq* %
K-116	13	33	20	0.82	0.59	0.9	11		1.20
including	15	18	3	1.66	0.51	0.8	29		2.07
and	26	29	3	0.80	1.76	2.4	11		1.82
and	44	46	2	0.54	0.43	0.3	23		0.83
and	60	64	4	0.64	0.88	0.6	12		1.17
and	75	76	1	0.06	0.03	2.1	3280	9.8	2.07
and	84	86	2	0.58	0.41	0.8	12		0.84
K-117	13	15	2	0.77	0.07	0.2	95		0.99
and	17	40	23	0.50	0.18	1.0	724	2.5	1.06
including	26	30	4	0.61	0.38	1.3	730	1.4	1.24
and	35	40	5	0.26	0.11	2.4	2334	9.3	1.61
and	43	45	2	0.58	0.11	0.7	48		0.70
and	61	63	2	0.55	0.36	0.6	20		0.79
and	66	68	2	0.11	0.05	0.2	1744	2.5	1.04
and	91	99	8	0.51	0.35	0.3	26		0.74
and	104	106	2	0.55	0.23	0.3	25		0.71
K-118	3	16	13	0.52	0.21	0.6	30		0.69
and	28	44	16	0.60	0.28	0.8	191	1.3	0.92
and	41	47	6	0.33	0.04	3.5	465	3.5	0.75
and	84	90	6	0.55	0.04	0.4	89	0.3	0.67
K-119	47	55	8	0.88	0.63	0.3	28		1.26
including	47	50	3	0.95	1.39	0.3	56		1.77
and	81	88	7	0.52	0.49	3.3	2211	7.8	2.09
including	81	86	5	0.14	0.06	4.0	2974	10.3	1.85
including	86	88	2	1.63	1.53	1.4	303	1.7	2.70
and	91	111	20	0.82	0.30	0.9	24		1.03
including	97	104	7	1.42	0.45	1.5	20		1.73
and	121	123	2	0.94	0.03	0.7	17		1.01
and	126	130	4	0.91	0.55	1.0	26		1.34
K-120	31	33	2	0.11	0.02	0.7	2784	5.8	1.44
and	44	51	7	0.55	0.21	1.3	171	0.6	0.84
and	53	63	10	0.30	0.02	2.3	1012	3.2	0.93
and	93	97	4	1.06	0.17	3.1	7		1.22

**\* - Note on the use of copper equivalent grades.**

The estimate summary table above shows a copper equivalent grade. The equivalent grade is based on copper, gold, silver, molybdenum and rhenium. The copper metal equivalent calculation is based on a copper price of \$US8,800/t, gold price of \$US1,500/oz, silver price of \$US35/oz, a molybdenum price of \$US33,000/t and a rhenium price of \$US3000/kg. Grade and price units are converted to percent and tonnes respectively. The sum product is calculated and then divided by the copper price to arrive at a copper equivalent grade. It is the opinion of Syndicated Metals that the metals included in the equivalent calculation have a reasonable potential to be recovered although definitive metallurgical testwork has only been conducted on copper and molybdenum at this stage of the project's development.



## Appendix 2

**Table 1: Blue Star 2011 Mineral Resource reported at a 0.5% Cu cut-off**

Type	Inferred				
	Tonnes	Cu%	Au (ppm)	Cu (tonnes)	Au (oz)
Oxide	3,000	1.16	0.11	40	10
Transitional	26,000	1.48	0.17	390	140
Fresh	147,000	2.48	0.29	3,650	1,370
<b>Total</b>	<b>177,000</b>	<b>2.31</b>	<b>0.27</b>	<b>4,080</b>	<b>1,520</b>

*Totals may not add up correctly due to rounding*

**Table 2: Green Zone 2011 Mineral Resource reported at a 0.5% Cu cut-off**

Type	Inferred				
	Tonnes	Cu%	Au (ppm)	Cu (tonnes)	Au (oz)
Oxide	7,000	1.05	0.01	80	-
Transitional	27,000	0.97	0.02	260	20
Fresh	395,000	0.89	0.01	3,520	180
<b>Total</b>	<b>430,000</b>	<b>0.90</b>	<b>0.01</b>	<b>3,860</b>	<b>200</b>

*Totals may not add up correctly due to rounding*

*(Refer to SMD ASX announcement dated October 24<sup>th</sup> for details of the Blue Star and Green Zone Mineral Resource Estimates.)*

## Appendix 3

**Table 1: Kalman Inferred Mineral Resource Estimate**

Domain	Cut-off Grade	Tonnes (million)	Mo (%)	Re (g/t)	Cu (%)	Au (g/t)	Tonnes Mo	Ounces Re	Tonnes Cu	Ounces Au
<b>Copper Zone</b>										
EPM14232	0.2% Cu	36.7	0.06	1.46	0.31	0.15	20,400	1,717,000	112,300	173,000
EPM13870	0.2% Cu	24.1	0.04	0.79	0.34	0.16	10,000	609,200	82,400	121,900
<b>Total copper zone</b>		<b>60.8</b>	<b>0.05</b>	<b>1.19</b>	<b>0.32</b>	<b>0.15</b>	<b>30,400</b>	<b>2,326,200</b>	<b>194,700</b>	<b>294,900</b>
<b>Including the Molybdenum Zone</b>										
EPM14232	0.02% Mo	17.5	0.11	2.88	0.22	0.11	18,400	1,632,700	38,700	61,400
EPM13870	0.02% Mo	7.4	0.12	2.56	0.34	0.17	8,900	609,200	25,300	40,800
<b>Total molybdenum zone</b>		<b>24.9</b>	<b>0.11</b>	<b>2.78</b>	<b>0.26</b>	<b>0.13</b>	<b>27,300</b>	<b>2,241,900</b>	<b>64,000</b>	<b>102,200</b>
Source: Kings Minerals NL 2010 Annual Report - Refer to ASX release by Kings Minerals NL now Cerro Resources NL (ASX: CJO) dated September 10,2008 for full details of Mineral Resource Estimate										

**Table 2: Barbara Deposit Mineral Resource Tabulation – Based on Tenement**

(Both tonnage and grade values have been rounded; therefore the table may contain rounding errors)

Resources by Tenement - Copper Zone - 0.5% Cu cut-off												
Tenement	Category	Tonnes	Cu %	Au g/t	Ag g/t	Co ppm	*Cueq%	Cu t	Au ozs	Ag ozs	Co t	*CuEq t
EPM15564 (100% SMD)	Indicated	2,977,000	1.6	0.2	2.7	270	1.8	52,000	16,000	286,000	900	61,000
	Inferred	362,000	1.3	0.1	2.4	296	1.5					
	<b>EPM15564</b>	<b>3,339,000</b>	<b>1.6</b>	<b>0.2</b>	<b>2.7</b>	<b>272</b>	<b>1.8</b>					
EPM16112 (51% SMD / 49% MET)	Indicated	801,000	1.4	0.1	2.7	247	1.7	24,000	8,000	143,000	500	28,000
	Inferred	1,191,000	1.0	0.1	1.9	265	1.2					
	<b>EPM16112</b>	<b>1,992,000</b>	<b>1.2</b>	<b>0.1</b>	<b>2.2</b>	<b>258</b>	<b>1.4</b>					
<b>Total</b>		<b>5,331,000</b>	<b>1.4</b>	<b>0.1</b>	<b>2.5</b>	<b>267</b>	<b>1.7</b>	<b>76,000</b>	<b>25,000</b>	<b>430,000</b>	<b>1,400</b>	<b>89,000</b>

Resources by Tenement - Copper Zone - 1% Cu cut-off												
Tenement	Category	Tonnes	Cu %	Au g/t	Ag g/t	Co ppm	*CuEq%	Cu t	Au ozs	Ag ozs	Co t	*CuEq t
EPM15564 (100% SMD)	Indicated	1,524,000	2.4	0.2	4.1	382	2.8	40,000	12,000	221,000	600	46,000
	Inferred	181,000	1.8	0.1	3.6	348	2.1					
	<b>EPM15564</b>	<b>1,705,000</b>	<b>2.3</b>	<b>0.2</b>	<b>4.0</b>	<b>379</b>	<b>2.7</b>					
EPM16112 (51% SMD / 49% MET)	Indicated	388,000	2.2	0.2	3.9	300	2.5	16,000	5,000	92,000	300	18,000
	Inferred	505,000	1.4	0.2	2.6	279	1.7					
	<b>EPM16112</b>	<b>893,000</b>	<b>1.8</b>	<b>0.2</b>	<b>3.2</b>	<b>288</b>	<b>2.0</b>					
<b>Total</b>		<b>2,598,000</b>	<b>2.1</b>	<b>0.2</b>	<b>3.7</b>	<b>348</b>	<b>2.5</b>	<b>56,000</b>	<b>17,000</b>	<b>312,000</b>	<b>900</b>	<b>64,000</b>

(Refer to ASX release by SMD dated November 17<sup>th</sup> 2010 for full details of this resource estimate.)

**\* - Note on the use of copper equivalent grades.**

The estimate summary table above shows a copper equivalent grade. The equivalent grade is based on copper, gold, silver and cobalt. The copper metal equivalent calculation is based on a copper price of \$US8,340/t, gold price of \$US1,300/oz, silver price of \$US23.66/oz and a cobalt price of \$US21/lb. Grade and price units are converted to percent and tonnes respectively. The sum product is calculated and then divided by the copper price to arrive at a copper equivalent grade. It is the opinion of Syndicated Metals that the metals included in the equivalent calculation have a reasonable potential to be recovered although definitive metallurgical testwork has only been conducted on copper at this stage of the projects development.