

Syndicated Metals (SMD)

A minnow among whales

Copper Exploration, Mt Isa district

Recommendation

Speculative BUY

Price

17.5c

Indicative Valuation

25c

ASX / S&P Sector

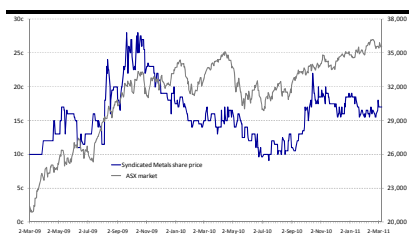
Metals & Mining

- SMD presently has 76kt in equity copper equivalent in resources at Mt Remarkable in the Mt Isa – Cloncurry region, Qld.
- SMD's current drilling campaign is expected to increase resources, to at least over 100kt off copper, possibly doubling resources.
- SMD has a total area over 3,700km² under EL prospective for base metals in NWQ, and there are many very large companies in the area nearby.

Snapshot

Last Price	\$0.175
Market Cap.	\$16.3 million
Shares on Issue	91.73m FPO 28.45m options, exercisable 20c to 55c
52 Week High	\$0.200
52 Week Low	\$0.091

Price Chart



SMD is an explorer, with 4 main tenement areas, 3 of which are in North West Queensland.

SMD has 1,152km² under EL at Mt Remarkable, within which a JORC resource of over 76kt copper equivalent, SMD share has been announced. There are many further mineralised occurrences and prospects in this area.

Present drilling is expected to increase this resource, to over 100kt, and possibly up to 150kt.

SMD also has 671km² under EL at Kalman South – Dronfield, for which a JORC resource of 124kt Cu.eq, SMD share, was announced in 2008.

See : www.syndicatedmetals.com.au

Analyst: Pieter Bruinstroop :

Investment Highlights

- SMD has a resource at Barbara of 76kt Cu eq. The current drilling campaign is expected to increase this resource to over 100kt Cu, and possibly up to 150kt.
- There are many further mineralised occurrences and prospects in SMD tenements in this area.
- Intersuisse has estimated that, based on 118kt Cu eq, the Barbara project has an NPV of \$125m, after tax, un-gearred, assuming a 12% real discount rate, zero value for franking credits with metals prices near current prices, and first mining in mid 2014.
 - After taking into account financing, including equity raising, and including risk weighting, this indicates a per share value of 33c
 - Removing the risk weighting increases the value to 49c
 - Intersuisse's indicative valuation of 25c assumes that the copper price falls to \$7,000/t, or 36c un-risked
- While Intersuisse believes that SMD's interest in Kalman South, which has a JORC resource of 124kt Cu eq, is likely to be valuable, the grades are lower and serious work has not been done on this project since 2008, so we have not attributed any value to it.
- There are many large companies in this area, including Xstrata (XTA.L), which took over MIM and operates the Mt Isa mine and Ernest Henry, Ivanhoe Australia (IVA.ASX), with a market cap of over \$1,400m and Cudoco (CDU.ASX), with a market cap of \$450m.

Recommendation

Intersuisse initiates research on SMD with a Speculative BUY recommendation.

While development is not imminent, investors can be comforted that the current share price does not reflect the value of this project, while still having considerable exploration potential.

Intersuisse is encouraged by the present of Korea Zinc on the register; the Choi Brothers have a reputation as astute investors, having developed KZ.

Syndicated Metals Limited (SMD)

SMD was incorporated on 15 August 2005 to acquire exploration tenements near Mount Isa in North West Queensland (NWQ), from Asarco. It listed in December 2007.

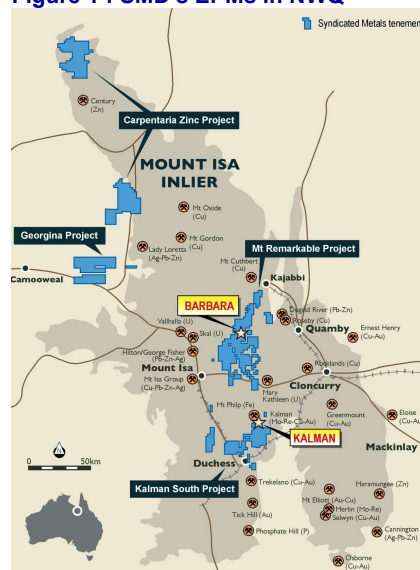
SMD now has over 3,700km² under EPM (Exploration Permit for Minerals) in NWQ, as shown in Figure 1, which has many historic and current mining operations.

As shown in Figure 2, SMD has a JORC compliant resource estimate for its Barbara deposit, within the Mt Remarkable tenements, of 5.3Mt at 1.4% Cu. As SMD only has 51% of one of the 2 EPMs in which the Barbara deposit is found, its equity share is about 76kt of copper equivalent (Cu eq).

SMD expects to increase this resource from its current drilling campaign, to at least over 100kt, and possibly doubling it.

Figure 3 shows that SMD also has a JORC compliant resource in the Kalman South deposit, in which SMD has a 49% interest, of 37Mt at 0.31% Cu. This deposit has significant by-products, in Mo, Re and Au, which give it a Cu eq grade of 0.69%.

Figure 1 : SMD's EPMs in NWQ



Source : SMD presentation, March 2011

SMD currently has 76kt of copper equivalent attributable to its equity interests from its Barbara resource.

SMD expects to increase the size of its resources at Barbara from its current drilling campaign, to at least over 100kt and potentially doubling.

SMD also has a further equity interest of 124kt of copper equivalent at Kalman South.

Figure 2 : SMD's resources at Barbara

EPM 15564	SMD 100 %	copper	gold	silver	cobalt	Cu	Au	Ag	Co	Cu eq.
Indicated	2,977 kt	1.6 %	0.2 g/t	2.7 g/t	270 ppm					
Inferred	362 kt	1.3 %	0.1 g/t	2.4 g/t	296 ppm					
TOTAL	3,339 kt	1.6 %	0.2 g/t	2.7 g/t	272 ppm	52.0 kt	16 koz	286 koz	910 t	60.3 kt

EPM 16112	SMD 51 %	copper	gold	silver	cobalt	Cu	Au	Ag	Co	Cu eq.
Indicated	801 kt	1.4 %	0.1 g/t	2.7 g/t	247 ppm					
Inferred	1,191 kt	1.0 %	0.1 g/t	1.9 g/t	265 ppm					
TOTAL	1,992 kt	1.2 %	0.1 g/t	2.2 g/t	258 ppm	24.0 kt	8 koz	143 koz	513 t	28.3 kt

Source : Syndicated Metals announcement, 17 November 2010

Figure 3 : Total Inferred Resource, Kalman South

Kalman South, Total	SMD 49 %	copper	molybdenum	rhenium	gold	Cu	Mo	Re	Au	Cu eq.
Open Pit	32.9 Mt	0.28 %	0.06 %	1.54 g/t	0.13 g/t	92.3 kt	18.8 kt	1,623.7 koz	137.5 koz	
Underground	3.8 Mt	0.53 %	0.04 %	0.77 g/t	0.29 g/t	20.1 kt	1.6 kt	93.3 koz	35.5 koz	
TOTAL	36.7 Mt	0.31 %	0.06 %	1.46 g/t	0.15 g/t	112.3 kt	20.4 kt	1,717.0 koz	173.0 koz	253.0 kt

Source : Syndicated Metals 2010 Annual Report

Comparatives

Figure 4 compares SMD with other companies, which are dominated by their exploration activities in NWQ (which excludes Exco Resources, EXS.ASX, and could exclude Altona Mining, AOH.ASX).

SMD is cheap on any measure when compared with its peers in NWQ, and has a much higher grade of resources

Figure 4 : Local comparatives for SMD

	Market cap	cash	tenement area	copper eq.	E.V. \$/t	av. grade
Ivanhoe Australia	\$ 1,400m	\$ 159m	4,977 km ²	4,977 kt	\$ 249/t	0.66 %
Cudoco	\$ 450m	\$ 45m	54 km ²	397 kt	\$ 1,019/t	0.95 %
Queensland Minerals	\$ 43m	\$ 3m	1400 km ²	359 kt	\$ 112/t	0.66 %
Altona Mining	\$ 135m	\$ 76m	2000 km ²	1,154 kt	\$ 51/t	0.88 %
Syndicated Metals	\$ 16m	\$ 4m	1,823 km ²	76 kt	\$ 157/t	1.75 %
SMD - total resources				200 kt	\$ 60/t	1.10 %
SMD, incl. current drilling				244 kt	\$ 66/t	1.13 %

Source : IRESS, company announcements, Intersuisse

Note : SMD's tenement area in Figure 4 relates only to Mt Remarkable and Kalman South / Dronfield

2. AOH cash is due to equity raising to develop its Outokumpu mine in Finland

In Intersuisse's view, Figure 4 clearly shows :

- SMD has a significant land area, especially for a company with such a small market capitalisation;
- SMD's resource grades are much higher than the average of its peers;
- Based on an Enterprise Value per tonne of contained copper, SMD looks very cheap, especially when the higher grade, and hence value, of its ore is considered.

Potential Value of Barbara Resource

As Barbara has good grades and is in an area with established mining operations, Intersuisse is able to make some estimate of the expected cashflows, and hence value, from the development of the Barbara deposit.

Figure 5 shows the detail of Intersuisse's estimated project capital expenditure required to get into production, of \$82m.

This is based on a 1.0Mt/yr operation and a fly-in – fly-out operation with mining contracted out.

Operational assumptions made include :

- Total ore processed 10.3Mt;
- Waste to ore begins at 4.5 : 1 and rises to 5.5 : 1
- Grades falling over time, as the extension is assumed to have the same grades as the average of the inferred resources, which is 1.1% Cu
- Recoveries of 92% for copper, 80% for gold, 75% for silver and 70% for cobalt.

Further, Intersuisse assumes that actual production begins in June 2014

Figure 6 summarises the key operational outcomes from Intersuisse's modelling.

Figure 6 : Operational outcomes for Barbara

average Annual Production				Concentrate	Waste \$/t material	Mining \$/t ore	Processing \$/t ore	Site Admin \$/t ore	Trucking		Port Loading \$/t conc	Sea freight \$/t conc	TC / RC c /lb Cu	Royalties c /lb Cu
Copper	Gold	Silver	Cobalt						\$/t conc	c / t-km				
11.40 kt	3.2 koz	52.1 koz	400k lb	46.1 kt	\$A3.5/t	\$A3.6/t	\$A11.4/t	\$A5.6/t	\$A82/t	12.6c/t-km	\$A12.5/t	\$A20/t	US35 c/lb	US19 c/lb

Source : Intersuisse estimates

Figure 7 shows that Intersuisse values SMD share of the potential development of the resources at Barbara, including expected success from the current drilling campaign.

Intersuisse's equity valuation assumes the following financing :

- \$4.5m equity raising in September 2011, to fund the pre-feasibility study;
- \$6.0m equity raising in June 2010 to fund the bankable feasibility study; and
- \$28m equity raising in March 2013, with project and off-take financing covering the balance, so a total of \$39m in equity is raised.

Figure 8 shows the detail of Intersuisse's equity valuation of SMD, highlighting the risk weightings and equity raisings assumed.

Figure 8 also shows that Intersuisse has not attributed any value to SMD's exploration potential or to its share of the Kalman South resource.

Figure 8 : Detail of Intersuisse's equity valuation of SMD

discount rate =	12%	30-Jun-10				25-Mar-11
		100%	Product	per share		
Mt Remarkable Resources	65 %	\$A 51.9m	\$A 33.8m	11.7 c	12.7 c	
fanking credits	39 %	\$A 37.6m	\$A 14.7m	5.1 c	5.1 c	
Mt Remarkable Extensions	50 %	\$A 23.4m	\$A 11.7m	4.1 c	4.1 c	
fanking credits	30 %	\$A 7.8m	\$A 2.3m	0.8 c	0.8 c	
Corporate	100 %	(\$A 6.6m)	(\$A 6.6m)	(2.3c)	(2.2c)	
Cash / debt	100 %	\$A 4.7m	\$A 4.7m	1.6 c	1.5 c	
Cash raised	100 %	\$A 31.0m	\$A 31.0m	10.7 c	10.9 c	
TOTAL		\$A 149.9m	\$A 91.6m	31.7 c	32.8 c	
		91.7m	existing	31.8m	Sep. 2011	
		35.3m	June 2012	129.7m	March 2013	

Source : Intersuisse estimates

Figure 5 : estimated project cap.ex

Assumed Project Capital	
Scoping Study	\$ 3.5m
Feasibility Study	\$ 5.0m
Water supply	\$ 5.0m
Roads	\$ 2.5m
Camp	\$ 5.0m
Admin, etc	\$ 2.5m
Tailings facility	\$ 2.5m
pre-strip	\$ 5.0m
Mill, supply & commission	\$ 25.0m
E P C M	\$ 5.9m
Contingency	\$ 5.3m
Bonds, etc	\$ 5.0m
Initial working capital	\$ 9.6m
TOTAL	\$ 81.9m

Source : Intersuisse estimates

Intersuisse has undertaken an indicative valuation of SMD's resources at Barbara.

Intersuisse has derived an indicative valuation of 25c per SMD share, assuming that copper prices fall back to \$7,000/t.

Or 33c if prices near current prices is assumed.

There is significant upside potential to Intersuisse's risk weighted valuation.

Intersuisse's valuation is 49c if the risk weighting is removed.

Syndicated Metals Limited (SMD)

SMD is an explorer, with 3 project areas, as shown in Figure 12

Figure 13 shows that SMD has a total area under EL of over 4,000km², focussed in North West Queensland (NWQ), near Mt Isa.

Figure 13 : SMD's tenements

SMD's tenements	
Mount Remarkable	1,152km ²
Dronfield / Kalman South	671km ²
Carpentaria Zinc Project	1,950km ²
Exmouth	316km ²
TOTAL	4,089km²

Source : Syndicated Metals

Figure 12 : Syndicated Metals projects



Source : Syndicated Metals, presentation, May 2010

SMD has over 4,000km² of exploration tenements

Figure 14 shows more detail on SMD's tenements in NWQ. It also shows that the area has many historical, existing and prospective operations.

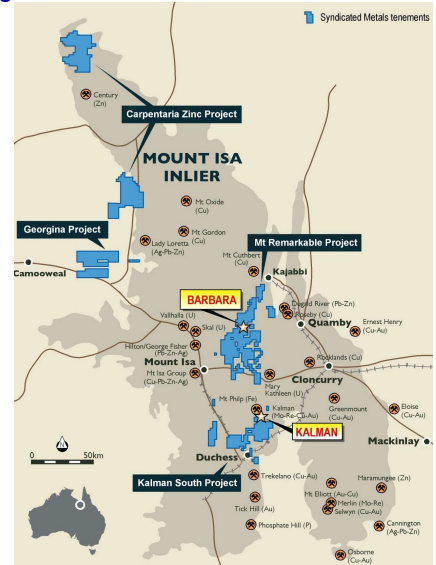
SMD's Georgina EL has phosphate occurrences, while Carpentaria zinc has zinc dominated base metal occurrences.

Mt Remarkable, some of which is 100% SMD and some 51% SMD (the JV partner is Mt Isa Metals, MET.ASX), is near CDU's Rocklands project.

SMD entered into an agreement, in 2007, to farm down on Kalman South, with the then Kings Minerals, now Cerro Resources (CJO.ASX). CJO holds the Kalman leases, immediately to the north.

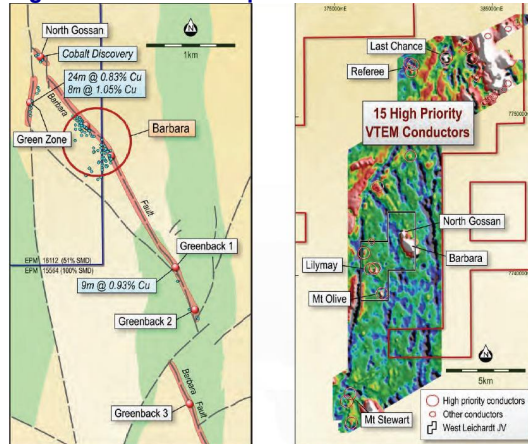
CJO could earn up to 70% of Kalman South and has earned 51% to date, but very little work has been done since 2008.

Figure 14 : SMD in North West Queensland



Source : Syndicated Metals, presentation, March 2011

Figure 15 : Barbara deposit



Source : Syndicated Metals, presentation, February 2011

Figure 15 shows that the West Leichardt joint venture, with MET, is wholly surrounded by SMD's 100% owned ELs.

MET has a market cap of over \$90m and is focussed on its gold prospects in Burkina Faso.

SMD updated its resource estimate for the Barbara deposit on 17 November 2010. Figure 16 shows the detail of this resource estimate.

Figure 16 shows a total of 88.6kt of Cu eq in resources, as estimated by Intersuisse.

SMD has an equity share of 76kt of copper equivalent in its Barbara project

Figure 16 : SMD's resources in Mt Remarkable

EPM 15564	SMD 100 %	copper	gold	silver	cobalt	Cu	Au	Ag	Co	Cu eq.
Indicated	2,977 kt	1.6 %	0.2 g/t	2.7 g/t	270 ppm					
Inferred	362 kt	1.3 %	0.1 g/t	2.4 g/t	296 ppm					
TOTAL	3,339 kt	1.6 %	0.2 g/t	2.7 g/t	272 ppm	52.0 kt	16 koz	286 koz	910 t	60.3 kt

EPM 16112	SMD 51 %	copper	gold	silver	cobalt	Cu	Au	Ag	Co	Cu eq.
Indicated	801 kt	1.4 %	0.1 g/t	2.7 g/t	247 ppm					
Inferred	1,191 kt	1.0 %	0.1 g/t	1.9 g/t	265 ppm					
TOTAL	1,992 kt	1.2 %	0.1 g/t	2.2 g/t	258 ppm	24.0 kt	8 koz	143 koz	513 t	28.3 kt

Source : Syndicated Metals announcement, 17 November 2010

Using the weighted average of the 2 EPMs gives 76kt of Cu eq for SMD's equity share.

Potential Value of Barbara Resource

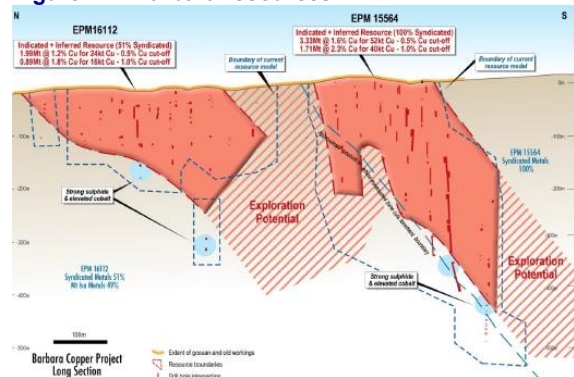
In December 2010, SMD raised \$3.0m in equity to undertake further drilling in Mt Remarkable. SMD expects that the current round of drilling will increase its resources to over 100kt of copper, and possibly double its resources.

Figure 17 shows that SMD is targeting the infill area between the 2 lodes that currently make up the resource, plus also extensions to the resources.

Figure 18 shows more detail concerning the currently defined resource, with the high grade core.

In addition, as shown in Figure 19, there are many other prospects within the Mt Remarkable lease area; rock chips have graded 10.1% Cu and 12.2g/t Au at Ironbark and 17.1% Cu & 6.1g/t Au and also 23.3% Cu & 1.7g/t Au at Bloodwood.

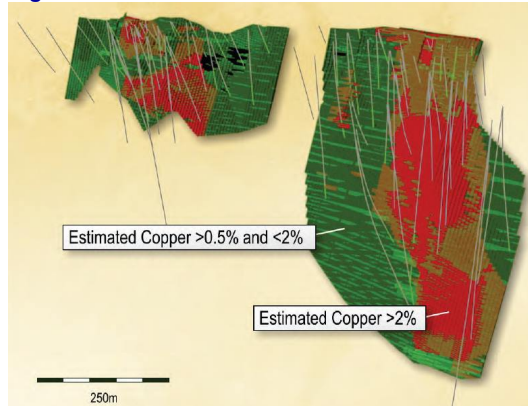
Figure 17 : Barbara resources



Source : Syndicated Metals announcement, 17 November 2010

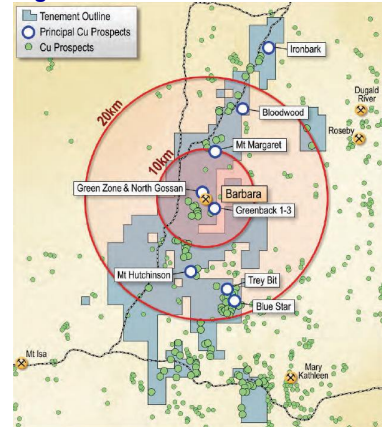
SMD expects that its resources will be significantly increased in its current drilling campaign, possibly being doubled

Figure 18 : Barbara resource model



Source : Syndicated Metals, presentation, February 2011

Figure 19 : Mt Remarkable



Source : SMD presentation, February 2011

To estimate the potential value of the resources, Intersuisse made the following key assumptions :

- June 2011 : updated resource
 - Intersuisse assumes that the resource is increased from a total of 5.3Mt of resources for 76kt of Cu eq, SMD share, by a further 5Mt, but at lower grades to increase SMD's share of Cu eq by 42kt, to a total of 118kt Cu eq
- December 2011 : results of scoping study

Intersuisse has developed a financial model to indicate a value for SMD's Barbara deposit

- September 2012 : pre-feasibility study
- June 2013 : bankable feasibility study
- September 2013 : completion of financing
- June 2014 : commissioning.

Figure 20 shows the detail of Intersuisse's estimated project capital expenditure required to get into production, of \$82m.

This is based on a 1.0Mt/yr operation and a fly-in – fly-out operation.

Figure 21 shows the detail of Intersuisse's operational assumptions, including :

- Total ore processed 10.3Mt;
- Grades falling over time, as the extension is assumed to have the same grades as the weighted average as the inferred resources, which is 1.1% Cu
- Waste to ore begins 4.5 : 1 and rises to 5.5 : 1
- Recoveries of 92% for copper, 80% for gold, 75% for silver and 70% for cobalt assumed.

Figure 20 : estimated project capital

Assumed Project Capital	
Scoping Study	\$ 3.5m
Feasibility Study	\$ 5.0m
Water supply	\$ 5.0m
Roads	\$ 2.5m
Camp	\$ 5.0m
Admin, etc	\$ 2.5m
Tailings facility	\$ 2.5m
pre-strip	\$ 5.0m
Mill, supply & commission	\$ 25.0m
E P C M	\$ 5.9m
Contingency	\$ 5.3m
Bonds, etc	\$ 5.0m
Initial working capital	\$ 9.6m
TOTAL	\$ 81.9m

Source : Intersuisse estimates

Figure 21 : Detail of Intersuisse's operational assumptions for Barbara

OPERATIONS	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-15
Ore Processed	0 kt	50 kt	913 kt	1,000 kt	1,000 kt	1,000 kt	1,000 kt	1,000 kt	1,000 kt	1,000 kt	1,000 kt	1,000 kt	368 kt
Strip ratio	0.0 : 1	4.5 : 1	4.6 : 1	4.8 : 1	5.0 : 1	5.2 : 1	5.4 : 1	5.5 : 1	5.5 : 1	5.5 : 1	5.5 : 1	5.5 : 1	5.5 : 1
Waste moved	0 kt	225 kt	4,181 kt	4,775 kt	4,975 kt	5,175 kt	5,375 kt	5,500 kt	5,500 kt	5,500 kt	5,500 kt	5,500 kt	2,021 kt
Head grade - Cu	1.56 %	1.56 %	1.56 %	1.56 %	1.56 %	1.56 %	1.45 %	1.12 %	1.10 %	1.10 %	1.10 %	1.10 %	1.10 %
Head grade - Au	0.15g/t	0.15g/t	0.15g/t	0.15g/t	0.15g/t	0.15g/t	0.13g/t	0.13g/t	0.13g/t	0.13g/t	0.13g/t	0.13g/t	0.13g/t
Head grade - Ag	2.7g/t	2.7g/t	2.7g/t	2.7g/t	2.7g/t	2.5g/t	2.1g/t	2.1g/t	2.1g/t	2.1g/t	2.1g/t	2.1g/t	2.1g/t
Head grade - Co	265 ppm	265 ppm	265 ppm	265 ppm	265 ppm	266 ppm	271 ppm	271 ppm	271 ppm	271 ppm	271 ppm	271 ppm	271 ppm
Recovery : Cu	84 %	84 %	88 %	92 %	92 %	92 %	92 %	92 %	92 %	92 %	92 %	92 %	92 %
Recovery : Au	50 %	50 %	53 %	61 %	69 %	77 %	80 %	80 %	80 %	80 %	80 %	80 %	80 %
Recovery : Ag	55 %	55 %	58 %	66 %	74 %	75 %	75 %	75 %	75 %	75 %	75 %	75 %	75 %
Recovery : Co	55 %	55 %	58 %	66 %	70 %	70 %	70 %	70 %	70 %	70 %	70 %	70 %	70 %
Cu in conc	0 t	656 t	12,554 t	14,370 t	14,370 t	13,296 t	10,280 t	10,128 t	10,079 t	10,079 t	10,079 t	10,079 t	3,704 t
Conc grade	0 %	21 %	23 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %
Cu conc	0 t	3,124 t	55,519 t	57,482 t	57,482 t	53,185 t	41,119 t	40,512 t	40,316 t	40,316 t	40,316 t	40,316 t	14,816 t
Au in conc	0 oz	121 oz	2,344 oz	2,942 oz	3,328 oz	3,585 oz	3,369 oz	3,351 oz	3,345 oz	3,345 oz	3,345 oz	3,345 oz	1,229 oz
Conc grade	0.0g/t	1.2g/t	1.3g/t	1.6g/t	1.8g/t	2.1g/t	2.5g/t	2.6g/t	2.6g/t	2.6g/t	2.6g/t	2.6g/t	2.6g/t
Ag in Conc	0 oz	2,387 oz	46,154 oz	57,299 oz	63,810 oz	61,194 oz	50,188 oz	49,634 oz	49,455 oz	49,455 oz	49,455 oz	49,455 oz	18,175 oz
Conc grade	0g/t	24g/t	26g/t	31g/t	35g/t	38g/t	38g/t	38g/t	38g/t	38g/t	38g/t	38g/t	38g/t
Co in Conc	0.0k lb	16.0k lb	310.2k lb	385.2k lb	408.5k lb	411.1k lb	418.5k lb	418.9k lb	419.0k lb	419.0k lb	419.0k lb	419.0k lb	154.0k lb
Conc grade	0.0 lb/t	5.1 lb/t	5.6 lb/t	6.7 lb/t	7.1 lb/t	7.7 lb/t	10.2 lb/t	10.3 lb/t	10.4 lb/t	10.4 lb/t	10.4 lb/t	10.4 lb/t	10.4 lb/t

Source : Intersuisse estimates

The key assumptions made by Intersuisse in developing its financial model are detailed.

However, we can have no certainty as to how much of the resource is able to be economically exploited, but Intersuisse believes that the prospectivity of the area gives comfort that 10Mt could be processed.

Figure 22 shows the detail of Intersuisse's cost estimates for the potential development of the resources at Barbara.

Figure 22 : Intersuisse's estimates of operating costs

Cash Costs	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-15
Waste	\$A 0.0m	\$A 0.6m	\$A 11.3m	\$A 13.1m	\$A 14.0m	\$A 14.7m	\$A 16.7m	\$A 18.7m	\$A 20.3m	\$A 21.9m	\$A 23.4m	\$A 25.0m	\$A 9.6m
AUD /t material	\$A 0.0/t	\$A 2.9/t	\$A 2.7/t	\$A 2.7/t	\$A 2.8/t	\$A 2.8/t	\$A 3.1/t	\$A 3.4/t	\$A 3.7/t	\$A 4.0/t	\$A 4.3/t	\$A 4.6/t	\$A 4.8/t
Mining	\$A 0.0m	\$A 0.2m	\$A 3.3m	\$A 3.6m	\$A 3.6m	\$A 3.6m	\$A 3.6m	\$A 3.6m	\$A 3.6m	\$A 3.6m	\$A 3.6m	\$A 3.6m	\$A 1.3m
AUD /t ore	\$A 0.0/t	\$A 4.4/t	\$A 3.6/t	\$A 3.6/t	\$A 3.6/t	\$A 3.6/t	\$A 3.6/t	\$A 3.6/t	\$A 3.6/t	\$A 3.6/t	\$A 3.6/t	\$A 3.6/t	\$A 3.7/t
Processing	\$A 0.0m	\$A 0.7m	\$A 10.5m	\$A 11.3m	\$A 11.3m	\$A 11.3m	\$A 11.3m	\$A 11.3m	\$A 11.3m	\$A 11.3m	\$A 11.3m	\$A 11.3m	\$A 4.4m
AUD /t ore	\$A 0.0/t	\$A 13.6/t	\$A 11.5/t	\$A 11.3/t	\$A 11.3/t	\$A 11.3/t	\$A 11.3/t	\$A 11.3/t	\$A 11.3/t	\$A 11.3/t	\$A 11.3/t	\$A 11.3/t	\$A 12.1/t
Site Admin	\$A 0.0m	\$A 0.4m	\$A 5.3m	\$A 5.6m	\$A 5.6m	\$A 5.6m	\$A 5.6m	\$A 5.6m	\$A 5.6m	\$A 5.6m	\$A 5.6m	\$A 5.6m	\$A 2.3m
AUD /t ore	\$A 0.0/t	\$A 7.5/t	\$A 5.8/t	\$A 5.6/t	\$A 5.6/t	\$A 5.6/t	\$A 5.6/t	\$A 5.6/t	\$A 5.6/t	\$A 5.6/t	\$A 5.6/t	\$A 5.6/t	\$A 6.3/t
Trucking to Townsville	\$A 0.0m	\$A 0.3m	\$A 4.5m	\$A 4.7m	\$A 4.7m	\$A 4.4m	\$A 3.4m	\$A 3.3m	\$A 3.3m	\$A 3.3m	\$A 3.3m	\$A 3.3m	\$A 1.2m
AUD /t conc	\$A 0.0/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t	\$A 81.8/t
rate	0.0c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km	12.6c/t-km
Port Loading	\$A 0.0m	\$A 0.0m	\$A 0.7m	\$A 0.7m	\$A 0.7m	\$A 0.7m	\$A 0.5m	\$A 0.5m	\$A 0.5m	\$A 0.5m	\$A 0.5m	\$A 0.5m	\$A 0.2m
rate	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t	\$A 12.5/t
Sea freight	\$A 0.0m	\$A 0.1m	\$A 1.2m	\$A 1.3m	\$A 1.3m	\$A 1.2m	\$A 0.9m	\$A 0.9m	\$A 0.9m	\$A 0.9m	\$A 0.9m	\$A 0.9m	\$A 0.3m
rate	\$A 21.6/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t	\$A 22.2/t
Royalties	\$A 0.0m	\$A 0.5m	\$A 8.7m	\$A 9.6m	\$A 9.5m	\$A 8.8m	\$A 7.0m	\$A 6.9m	\$A 6.9m	\$A 6.9m	\$A 6.9m	\$A 6.9m	\$A 2.5m

Source : Intersuisse estimates

Figure 23 shows Intersuisse's estimated resulting cashflows from the production and cost data shown in Figures 21 and 22 above.

Figure 23 : Intersuisse's estimated resulting cashflows

Project Cashflows	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-15
AUD/USD	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Copper	\$ 11,000/t	\$ 11,000/t	\$ 10,500/t	\$ 9,750/t	\$ 9,250/t	\$ 9,000/t	\$ 9,000/t	\$ 9,000/t	\$ 9,000/t	\$ 9,000/t	\$ 9,000/t	\$ 9,000/t	\$ 9,000/t	\$ 9,000/t
Gold	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz	\$ 1,400/oz
Silver	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz	\$ 30.0/oz
Cobalt	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb
Copper produced	0 t	0 t	656 t	12,554 t	14,370 t	14,370 t	13,296 t	10,280 t	10,128 t	10,079 t	10,079 t	10,079 t	10,079 t	3,704 t
Gold produced	0 oz	0 oz	121 oz	2,344 oz	2,942 oz	3,328 oz	3,585 oz	3,369 oz	3,351 oz	3,345 oz	3,345 oz	3,345 oz	3,345 oz	1,229 oz
Silver produced	0 oz	0 oz	2,387 oz	46,154 oz	57,299 oz	63,810 oz	61,194 oz	50,188 oz	49,634 oz	49,455 oz	49,455 oz	49,455 oz	49,455 oz	18,175 oz
Cobalt produced	0.0k lb	0.0k lb	16.0k lb	310.2k lb	385.2k lb	408.5k lb	411.1k lb	418.5k lb	418.9k lb	419.0k lb	419.0k lb	419.0k lb	419.0k lb	154.0k lb
Copper Revenue	\$A 0.0m	\$A 0.0m	\$A 6.6m	\$A 122.0m	\$A 132.9m	\$A 129.3m	\$A 119.7m	\$A 92.5m	\$A 91.2m	\$A 90.7m	\$A 90.7m	\$A 90.7m	\$A 90.7m	\$A 33.3m
Cu TC / RC	\$A 0.0m	\$A 0.0m	(\$A 6.6m)	(\$A 10.4m)	(\$A 11.2m)	(\$A 11.1m)	(\$A 10.3m)	(\$A 7.9m)	(\$A 7.8m)	(\$A 7.8m)	(\$A 7.8m)	(\$A 7.8m)	(\$A 7.8m)	(\$A 2.9m)
By-products, net	\$A 0.0m	\$A 0.0m	\$A 0.2m	\$A 5.1m	\$A 7.1m	\$A 8.1m	\$A 8.6m	\$A 8.6m	\$A 8.6m	\$A 8.6m	\$A 8.6m	\$A 8.6m	\$A 8.6m	\$A 3.2m
Cash Costs	\$A 0.0m	\$A 0.0m	(\$A 2.3m)	(\$A 36.7m)	(\$A 40.1m)	(\$A 41.0m)	(\$A 41.2m)	(\$A 43.8m)	(\$A 43.8m)	(\$A 45.4m)	(\$A 47.0m)	(\$A 48.6m)	(\$A 50.2m)	(\$A 19.4m)
Royalties	\$A 0.0m	\$A 0.0m	(\$A 0.3m)	(\$A 5.4m)	(\$A 6.0m)	(\$A 5.9m)	(\$A 5.5m)	(\$A 4.4m)	(\$A 4.3m)	(\$A 4.3m)	(\$A 4.3m)	(\$A 4.3m)	(\$A 4.3m)	(\$A 1.6m)
Dep'n & Amort'sn	\$A 0.0m	\$A 0.0m	(\$A 0.4m)	(\$A 7.2m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 2.9m)
E B I T	\$A 0.0m	\$A 0.0m	\$A 3.3m	\$A 67.3m	\$A 74.8m	\$A 71.5m	\$A 63.3m	\$A 39.0m	\$A 35.9m	\$A 34.0m	\$A 32.4m	\$A 30.8m	\$A 29.2m	\$A 9.7m
Interest Expense	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m
Tax Expense	\$A 0.0m	\$A 0.0m	(\$A 0.9m)	(\$A 19.5m)	(\$A 21.7m)	(\$A 20.7m)	(\$A 18.4m)	(\$A 11.3m)	(\$A 10.4m)	(\$A 9.8m)	(\$A 9.4m)	(\$A 8.9m)	(\$A 8.5m)	(\$A 2.8m)
N P A T	\$A 0.0m	\$A 0.0m	\$A 4.7m	\$A 49.8m	\$A 53.1m	\$A 50.7m	\$A 44.9m	\$A 27.7m	\$A 25.5m	\$A 24.1m	\$A 23.0m	\$A 21.9m	\$A 21.9m	\$A 6.9m
Project Cap.Ex	\$A 5.0m	\$A 19.2m	\$A 47.8m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m
Sus. Cap. Ex	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 1.5m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 0.5m
Net Cashflow	(\$A 5.0m)	(\$A 19.2m)	(\$A 45.1m)	\$A 53.5m	\$A 59.0m	\$A 56.7m	\$A 50.9m	\$A 33.6m	\$A 31.4m	\$A 30.0m	\$A 28.9m	\$A 27.8m	\$A 26.6m	\$A 9.3m
NPV	12%		\$A 125m											

Intersuisse estimates an NPV for the Barbara project of \$125m, based on copper prices near current levels

Source : Intersuisse estimates

In figure 23, Intersuisse has assumed commodity prices remaining near current levels. This drives an NPV of \$125m for the project.

Figure 24 shows the resulting cashflows and valuation if we assume that metals prices fall over the longer term; it shows that the NPV is reduced from \$125m to \$81m.

Figure 24 : Projected cashflows with falling metals prices

Project Cashflows	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-15
AUD/USD	0.975	0.925	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900
Copper	\$ 9,000/t	\$ 9,000/t	\$ 8,500/t	\$ 7,750/t	\$ 7,250/t	\$ 7,000/t	\$ 7,000/t	\$ 7,000/t	\$ 7,000/t	\$ 7,000/t	\$ 7,000/t	\$ 7,000/t	\$ 7,000/t	\$ 7,000/t
Gold	\$ 1,275/oz	\$ 1,075/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz	\$ 1,000/oz
Silver	\$ 23.8/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz	\$ 20.0/oz
Cobalt	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb	\$ 15.0/lb
Copper produced	0 t	0 t	656 t	12,554 t	14,370 t	14,370 t	13,296 t	10,280 t	10,128 t	10,079 t	10,079 t	10,079 t	10,079 t	3,704 t
Gold produced	0 oz	0 oz	121 oz	2,344 oz	2,942 oz	3,328 oz	3,585 oz	3,369 oz	3,351 oz	3,345 oz	3,345 oz	3,345 oz	3,345 oz	1,229 oz
Silver produced	0 oz	0 oz	2,387 oz	46,154 oz	57,299 oz	63,810 oz	61,194 oz	50,188 oz	49,634 oz	49,455 oz	49,455 oz	49,455 oz	49,455 oz	18,175 oz
Cobalt produced	0.0k lb	0.0k lb	16.0k lb	310.2k lb	385.2k lb	408.5k lb	411.1k lb	418.5k lb	418.9k lb	419.0k lb	419.0k lb	419.0k lb	419.0k lb	154.0k lb
Copper Revenue	\$A 0.0m	\$A 0.0m	\$A 5.8m	\$A 107.7m	\$A 115.8m	\$A 111.8m	\$A 103.4m	\$A 80.0m	\$A 78.8m	\$A 78.4m	\$A 78.4m	\$A 78.4m	\$A 78.4m	\$A 28.8m
Cu TC / RC	\$A 0.0m	\$A 0.0m	(\$A 0.6m)	(\$A 10.6m)	(\$A 11.4m)	(\$A 11.2m)	(\$A 10.4m)	(\$A 8.0m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 2.9m)
By-products, net	\$A 0.0m	\$A 0.0m	\$A 0.2m	\$A 4.5m	\$A 6.2m	\$A 6.9m	\$A 7.3m	\$A 7.4m	\$A 7.4m	\$A 7.4m	\$A 7.4m	\$A 7.4m	\$A 7.4m	\$A 2.7m
Cash Costs	\$A 0.0m	\$A 0.0m	(\$A 2.3m)	(\$A 36.8m)	(\$A 40.2m)	(\$A 41.1m)	(\$A 41.3m)	(\$A 42.0m)	(\$A 43.8m)	(\$A 45.4m)	(\$A 47.0m)	(\$A 48.6m)	(\$A 50.2m)	(\$A 19.4m)
Royalties	\$A 0.0m	\$A 0.0m	(\$A 0.3m)	(\$A 4.8m)	(\$A 5.2m)	(\$A 5.1m)	(\$A 4.7m)	(\$A 3.8m)	(\$A 3.7m)	(\$A 3.7m)	(\$A 3.7m)	(\$A 3.7m)	(\$A 3.7m)	(\$A 1.4m)
Dep'n & Amort'sn	\$A 0.0m	\$A 0.0m	(\$A 0.4m)	(\$A 7.2m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 7.9m)	(\$A 2.9m)
E B I T	\$A 0.0m	\$A 0.0m	\$A 2.5m	\$A 52.8m	\$A 57.3m	\$A 53.4m	\$A 46.4m	\$A 25.7m	\$A 20.9m	\$A 19.3m	\$A 17.7m	\$A 16.1m	\$A 16.1m	\$A 4.9m
Interest Expense	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m
Tax Expense	\$A 0.0m	\$A 0.0m	(\$A 0.7m)	(\$A 15.3m)	(\$A 16.6m)	(\$A 13.4m)	(\$A 7.4m)	(\$A 6.6m)	(\$A 6.1m)	(\$A 5.6m)	(\$A 5.1m)	(\$A 4.7m)	(\$A 4.4m)	(\$A 1.4m)
N P A T	\$A 0.0m	\$A 0.0m	\$A 1.8m	\$A 37.5m	\$A 40.7m	\$A 37.9m	\$A 32.9m	\$A 18.2m	\$A 16.2m	\$A 14.8m	\$A 13.7m	\$A 12.6m	\$A 11.4m	\$A 3.5m
Project Cap.Ex	\$A 5.0m	\$A 19.2m	\$A 47.8m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 0.0m
Sus. Cap. Ex	\$A 0.0m	\$A 0.0m	\$A 0.0m	\$A 1.5m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 2.0m	\$A 0.5m
Net Cashflow	(\$A 5.0m)	(\$A 19.2m)	(\$A 45.6m)	\$A 43.2m	\$A 44.6m	\$A 43.8m	\$A 38.9m	\$A 24.1m	\$A 22.1m	\$A 20.7m	\$A 19.6m	\$A 18.5m	\$A 17.4m	\$A 5.9m
NPV	12%		\$A 81m											

Falling copper prices gives a value for the Barbara project of \$81m

Source : Intersuisse estimates

The project value cannot be directly translated to a per share value for the company, as financing, both debt and equity, needs to be raised. Figure 25 shows Intersuisse's valuation after taking into account financing to develop Barbara, using the cashflows shown in Figure 24, but adjusting for SMD differing equity in the 2 EPMS, as shown in Figures 15 and 16 earlier.

Figure 25 : An indicative valuation for SMD

discount rate =	12%	30-Jun-10	26-Mar-11
		100%	Product per share
Mt Remarkable Resources	65 %	\$A 51.9m	\$A 33.8m
fanking credits	39 %	\$A 37.6m	\$A 14.7m
Mt Remarkable Extensions	50 %	\$A 23.4m	\$A 11.7m
fanking credits	30 %	\$A 7.8m	\$A 2.3m
Corporate	100 %	(\$A 6.6m)	(\$A 6.6m)
Cash / debt	100 %	\$A 4.7m	\$A 4.7m
Cash raised	100 %	\$A 31.0m	\$A 31.0m
TOTAL		\$A 149.9m	\$A 91.6m
		91.7m	existing
		35.3m	June 2012
			31.8m
			Sep. 2011
			129.7m
			March 2013

Source : Intersuisse estimates

Kalman South / Dronfield

At the time SMD listed, in December 2007, its most advanced project was Kalman South. At that time, SMD had an agreement with Kings Minerals (now Cerro Resources, CJO.ASX) by which CJO would earn a 51% interest by spending \$4m and earn up to 70% by completing a final feasibility study (FFS) by July 2011. SMD is free carried until completion of the FFS.

SMD has 49% of the Kalman South JV

From the start of the JV until August 2008, CJO drilled 67 holes for a total of 25,600 metres. This drilling resulted in the Inferred Resource shown in Figure 28.

Figure 28 : Total Inferred Resource, Kalman South

Kalman South, Total	SMD 49 %	copper	molybdenum	rhenium	gold	Cu	Mo	Re	Au	Cu eq.
Open Pit	32.9 Mt	0.28 %	0.06 %	1.54 g/t	0.13 g/t	92.3 kt	18.8 kt	1,623.7 koz	137.5 koz	
Underground	3.8 Mt	0.53 %	0.04 %	0.77 g/t	0.29 g/t	20.1 kt	1.6 kt	93.3 koz	35.5 koz	
TOTAL	36.7 Mt	0.31 %	0.06 %	1.46 g/t	0.15 g/t	112.3 kt	20.4 kt	1,717.0 koz	173.0 koz	253.0 kt

Source : SMD 2010 Annual Report

Figure 28 shows that Kalman South has modest copper grades, but is molybdenum and rhenium rich.

Intersuisse has given no value to SMD's share of 124kt of Cu eq. due to both doubts as to the value of its rhenium and also the lack of interest by the operator

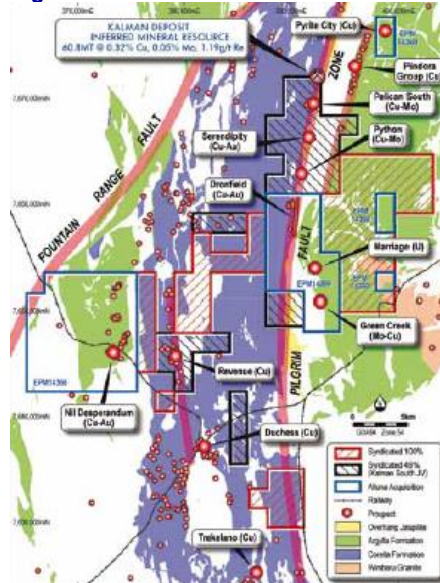
However, Ivanhoe Australia (IVA.ASX) has announced a resource at its nearby Merlin deposit of 6.7Mt at 1.34% Mo and 23.2g/t Re. The rhenium content could flood the market.

Intersuisse speculates that CJO has done little work on this deposit since August 2008 due to a combination of

- A much more subdued view of prospective rhenium prices, given the potential supply from Merlin; and
- A greater focus on its silver project in Mexico.

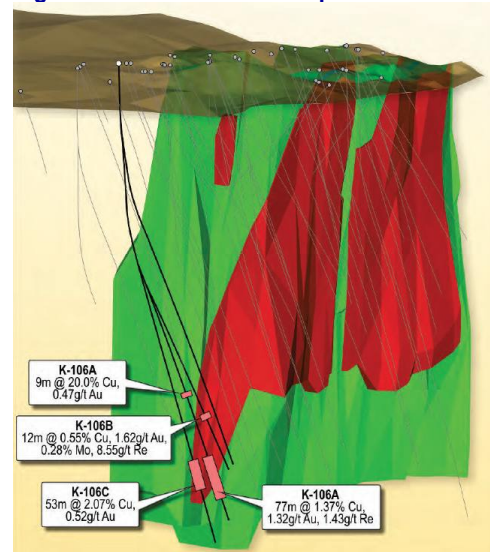
Figure 29 shows SMD's tenements in this area, including Dronfield which is now 100% SMD. It shows that SMD has a strong position along the highly prospective Pilgrim Fault.

Figure 29 : SMD's Kalman South / Dronfield



SMD has extensive areas to the south of Kalman South, along the highly prospective Pilgrim Fault

Figure 30 : Kalman South deposit



Source : Syndicated Metals presentation, May 2010

Source : SMD 2010 Annual Report

Figure 30 shows the area included in the resource for Kalman South. It shows some very attractive intercepts from drill hole K106 and its daughter holes, including 9m at 20% Cu and 0.47g/t Au in K-106A.

Intersuisse speculates that SMD will have greater flexibility to deal with the potential value in Kalman South after June 2011 as it appears that CJO will not have completed the FFS by this time, as stipulated in their agreement.

Comparatives

Intersuisse has identified about 80 companies listed on the ASX that have significant copper exposure (compared to their own asset base, so excluding RIO and BHP, etc). Of these, we have identified 36 that have reported a copper dominated resource.

This covers a very broad range of mineralisation styles and stages of development.

As indicated in Figure 14, there are many operating in NWQ.

In this section, we look at four that are

- operating in the area near SMD,
- dominated by these operations; and
- have reported a resource.

Intersuisse has identified four other companies comparable to SMD

Ivanhoe Australia (IVA.ASX)

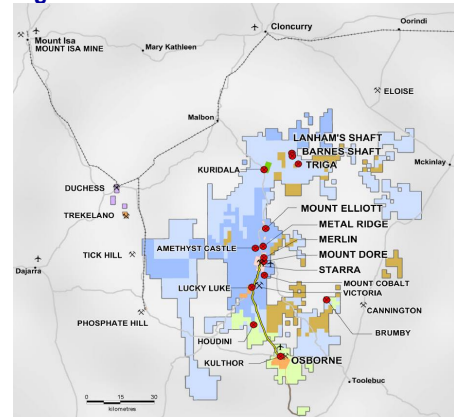
IVA listed on the ASX in August 2008 when its parent company, the TSX listed Ivanhoe Mines, floated a 20% interest in its NWQ tenements, raising \$125m to give the company a market capitalisation of \$625m.

At that time, significant work had been done showing strong mineralisation, but no JORC compliant resource estimates were available at the time of listing, though resources were expected for each of Mt Dore, Starra line and Mt Elliott in August 2008.

Figure 20 shows that IVA's tenements are immediately south of SMD's Dronfield.

The leases cover an area of about 2,460km², before the acquisition of Osborne in August 2010.

Figure 20 : IVA's tenements



Source : IVA presentation, March 2011

Figure 32 : IVA's JORC / NI43-101 Resources

Inferred Resources		copper	molybdenum	rhenum	gold	Cu	Mo	Re	Au	Cu eq.	Av. Grade
Merlin	6.7 Mt		1.34 %	23.2 g/t			90 kt	4,998 koz			
Mt Dore	144 Mt	0.52 %				749 kt					
Mt Elliott	570 Mt	0.44 %			0.26 g/t	2,508 kt			4,765 koz		
Starra Line	30.0 Mt	0.9 %			0.8 g/t	270 kt			772 koz		
Osborne	6.4 Mt	1.40 %			0.90 g/t	90 kt			185 koz		
TOTAL	757.1 Mt	0.48 %	1.34 %	23.20 g/t	0.29 g/t	3,616 kt	90 kt	4,998 koz	5,722 koz	4,977 kt	0.66 %

Source : Ivanhoe Australia presentation, March 2011

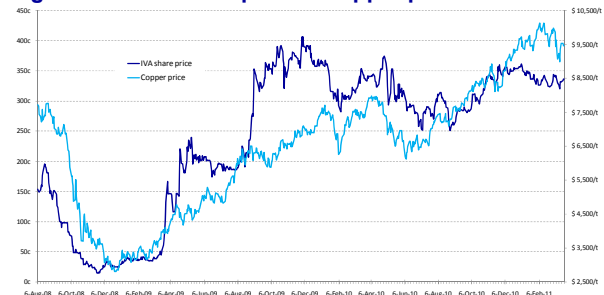
Note : the total grade for each commodity is the total of that commodity divided by the resources in which that commodity is reported; NOT an average over the total resources.

Figure 32 shows that IVA has since reported nearly 5.0Mt of Cu eq in Inferred Resources.

Figure 33 shows that the IVA share price has moved with the copper price, despite its success in discovery.

IVA now has a market capitalisation of roughly \$1,400m, or \$283 per resource tonne.

Figure 33 : IVA share price v. copper price



Source : IRESS, Intersuisse

Cudeco (CDU.ASX)

CDU listed in April 1995, as Australian Mining Investments, with a 60% interest in Gunnedah Coal company.

CDU subsequently sold this interest and on 18 November 2005 announced the acquisition of EPM 13409, which is shown in Figure 34.

The area acquired was 54km²

Figure 35 shows the area in more detail.

Cudeco has a market valuation of %450m for 397kt of Cu eq

Figure 34 : CDU's Rockland lease



Source : Cudeco presentation, November 2010

Figure 35 : CDU's tenements



Source : Cudeco presentation, November 2010

CDU announced a revised resource estimate on 18 August 2010.

Figure 36 shows that the resource is, in Intersuisse's estimate, 397kt of Cu eq. As shown in Figure 36, the estimate used by Intersuisse is at a cut-off grade of 0.3% Cu.

The market capitalisation of CDU is currently about \$450m, which means that the market is giving a valuation to CDU of \$1,134 per resource tonne.

Figure 25 : CDU's Resource estimate, Rocklands

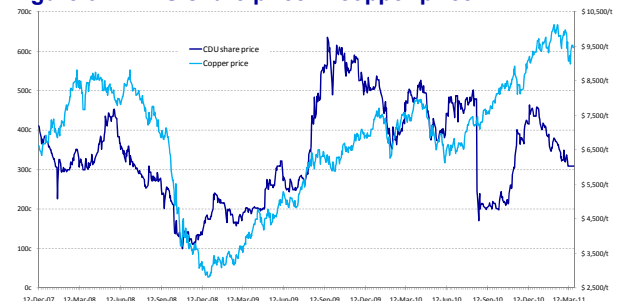
Rocklands, 0.30% Cu cut-off	copper	cobalt	gold	Cu	Co	Au	Cu eq.	Av. Grade
Measured	19 Mt	0.95 %	364 ppm	0.13 g/t	180 kt	6,887 t	80 koz	
Indicated	12 Mt	0.66 %	170 ppm	0.08 g/t	80 kt	2,057 t	30 koz	
Inferred	11 Mt	0.65 %	179 ppm	0.07 g/t	70 kt	1,933 t	24 koz	
TOTAL	41.8 Mt	0.79 %	214 ppm	0.10 g/t	330 kt	8,944 t	134 koz	397 kt
								0.95 %

Source : Cudeco, 18 August 2010, Intersuisse

Note : Intersuisse has calculated the contained metal from the data given and in some cases the result is not able to match the data in CDU's announcement. Intersuisse has used its own estimates of commodity prices to calculate the Cu eq.

Figure 37 shows that the CDU share price has generally moved with the copper price, though in August 2010, following the announcement of the resource estimate, the share price plunged, before recovering partially, and significantly under-performing the copper price over the course of this calendar year.

Figure 37 : CDU share price v. copper price



Source : IRESS, Intersuisse

Queensland Minerals (QMN.ASX)

QMN finally listed in October 2008, after lodging its original prospectus in February 2008.

QMN presently has about 1,400km² under EPMs in NWQ. As shown in Figure 27, these tenements appear to surround SMD's Kalman South / Dronfield tenements.

QMN's market capitalisation is \$43m.

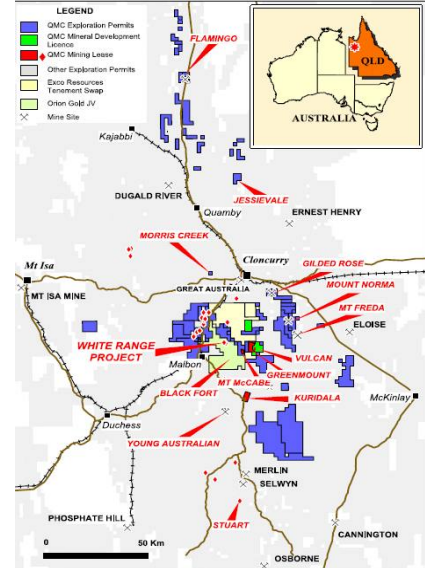
Figure 39 shows that QMN now has 37Mt in Inferred and Indicated Resources, at an average grade of 0.52% Cu, for a copper equivalent of 359kt.

This means that the market is giving a valuation to QMN of \$120 per resource tonne.

Figure 40 shows that the QMN share price has had very little relationship to the copper price, in contrast to the 2 larger stocks.

Queensland Minerals has a market valuation of \$3m for a resource of 359kt Cu eq

Figure 38 : QMN's tenements



Source : QMN presentation, March 2011

Figure 39 : QMN's Indicated and Inferred Resources

QMN, Indicated + Inferred Resources	copper	gold	cobalt	Cu	Au	Co	Cu eq.	Av. Grade
Gilded Rose	0.1 Mt	4.2 g/t			19 koz			
Greenmount	12.3 Mt	0.78 %	600 ppm	96.0 kt	119 koz	7,380 t		
Kurialda	7.2 Mt	0.84 %	200 ppm	60.5 kt	49 koz	1,440 t		
Vulcan	1.4 Mt	0.65 %	200 ppm	9.2 kt		280 t		
McCabe	7.7 Mt	0.57 %	200 ppm	44.0 kt		1,540 t		
Young Australian	2.1 Mt	1.00 %	80 ppm	21.0 kt		168 t		
Stuart	5.6 Mt	0.55 %		30.8 kt				
Flamingo	0.1 Mt	6.00 %	1.8 g/t	7.0 kt	7 koz			
Eastdrift	0.6 Mt	0.80 %		4.9 kt				
TOTAL	37.2 Mt	0.52 %	352 ppm	273 kt	193 koz	10,808 t	359 kt	0.97 %

Source : QMN presentation, March 2011, QMN announcements, Intersuisse

Figure 40 : QMN share price v. copper price



Source : IRESS, Intersuisse

Altona Resources (AOH.ASX)

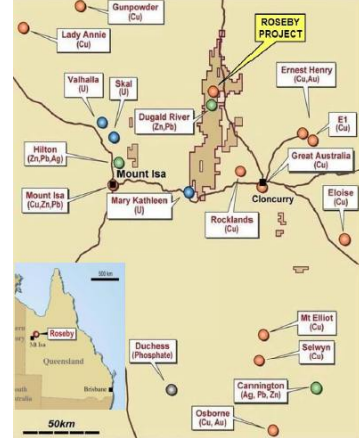
AOH resulted from the merger, first announced in September 2009 and finally implemented in February 2010, between Universal Resources (URL.ASX) and Vulcan Resources (VUL.ASX).

The latter had 4.3Mt of reserves, within 17Mt of resources at its Outokumpu deposit in Finland, expected to produce 8.0kt/yr Cu, 1.6kt/yr Zn and 8.4koz/yr Au. It is in development and is expected to being production at the end of 2011.

Alton Resources is developing a small mine in Finland and a larger mine near SMD's Mt Remarkable tenements

The latter had the Roseby deposit in NWQ, with 48Mt of open cut reserves, within 132Mt of Resources. The DFS proposed the production of 26kt/yr of Cu. It is expected that development will be committed to during 2012, financed by the cashflows generated by the operation of the Outokumpu mine.

Figure 41 : AOH's NWQ tenements



Source : AOH presentation, March 2011

Figure 41 shows AOH's NWQ tenements, which cover about 2,000km², and are almost immediately to the west of SMD's Mt Remarkable tenements.

Figure 42 shows the resources reported by AOH, which includes not only Roseby, in NWQ, and Outokumpu, which is in development, but also a potential further development in Finland, which is still the subject of further exploration.

Figure 42 : AOH's Resources

		copper	gold	cobalt	nickel	platinum	palladium	zinc	Cu	Au	Co	Ni	Pt	Pd	Zn	Cu eq.	Av. Grade	
Outokumpu	Measured	0.6 Mt	1.35%	0.60 g/t	270 ppm	0.17%		0.47%	8.3 kt	12 koz	167 t	1.0 kt			2.9 kt			
	Indicated	7.5 Mt	1.25%	0.70 g/t	240 ppm	0.20%		0.54%	93.4 kt	168 koz	1,793 t	14.9 kt			40.3 kt			
Roseby	Inferred	0.3 Mt	0.97%	0.57 g/t	240 ppm	0.18%		0.70%	3.0 kt	6 koz	74 t	0.6 kt			2.1 kt			
	Measured	30.1 Mt	0.69%	0.03 g/t					207.9 kt	29 koz								
Khuomo	Inferred	56.1 Mt	0.68%	0.06 g/t					381.2 kt	108 koz								
	Measured	46.4 Mt	0.68%	0.08 g/t					315.2 kt	119 koz								
TOTAL	Indicated	3.9 Mt	0.15%		241 ppm	0.58%	0.22 g/t	0.53 g/t	5.9 kt	932 t	22.6 kt	27 koz	86 koz					
	Inferred	2.1 Mt	0.04%		291 ppm	0.49%	0.24 g/t	0.61 g/t	0.9 kt	624 t	10.5 kt	17 koz	42 koz					
TOTAL		146.9 Mt	0.69%	0.10 g/t	249 ppm	0.59%	0.23 g/t	0.56 g/t	0.54%	1,016 kt	442 koz	3,589 t	50 kt	44 koz	107 koz	45 kt	1,287 kt	0.88 %

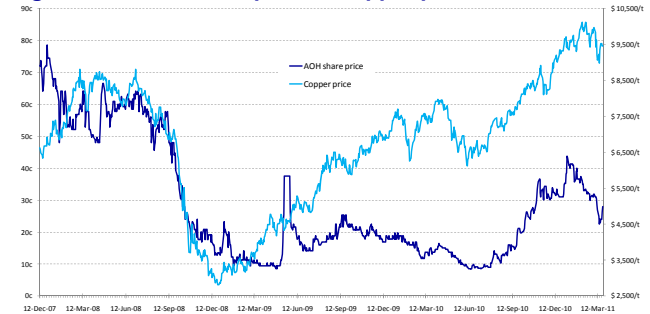
Source : Alton Mining presentation, March 2011

Total copper equivalent resources is 1,287kt, or 1,154kt if the potential development at Khuomo is excluded.

The market capitalisation of AOH is currently about \$135m, which means that the market is giving a valuation to AOH of \$117 per resource tonne, or \$105/t if Khuomo is included.

Figure 43 does not, at first glance, show a strong correlation between the AOH share price and the copper price. However, if the period from March 2009 to July 2010 is excluded, then the fit is actually quite good.

Figure 43 : AOH share price v. copper price



Source : IRESS, Intersuisse

This is the period when the merger was being implemented.

Asset transactions

Relevant asset transaction have been at vales ranging from \$29/t to \$1,238/t

Figure 44 shows a summary of recent transactions for copper resources.

Figure 33 : Recent copper asset transactions

Date	Acquirer	Target	Value	Status	gold	copper	Cu eq.	value
March 2011	Oz Minerals	Carapateena, SA	\$A 250m	Exploration	3,820 koz	2,970 kt	3,585 kt	\$ 70/t
October 2010	Equinox	Citadel Resources	\$A 1,250m	Development	930 koz	860 kt	1,010 kt	\$ 1,238/t
July 2010	Oz Minerals	Sandfire Resources	\$A 100m	Feasibility	440 koz	370 kt	441 kt	\$ 227/t
May 2010	CST Mining	Lady Annie	\$A 135m	Operating	0 koz	340 kt	340 kt	\$ 397/t
March 2010	Pan Aust	Inca de Oro, Chile	\$A 40m	Feasibility	1,120 koz	1,190 kt	1,370 kt	\$ 29/t

Source : many various IRESS announcements, Intersuisse

Conclusions from Comparatives

Figure 44 shows a very wide of values in the transactions; so wide as to be almost meaningless.

Figure 45 is a summary of the discussion of the comparatives; of other companies operating in the same area. In contrast to the discussion above, the major comparative is in terms of Enterprise Value.

When all of SMD's resources are considered, it appears very cheap, especially as it has a much higher average grade

Figure 45 : Concluding summary of comparatives for SMD

	Market cap	cash	tenement area	copper eq.	E.V. \$/t	av. grade
Ivanhoe Australia	\$ 1,400m	\$ 159m	4,977 km ²	4,977 kt	\$ 249/t	0.66 %
Cudoco	\$ 450m	\$ 45m	54 km ²	397 kt	\$ 1,019/t	0.95 %
Queensland Minerals	\$ 43m	\$ 3m	1400 km ²	359 kt	\$ 112/t	0.66 %
Altona Mining	\$ 135m	\$ 76m	2000 km ²	1,154 kt	\$ 51/t	0.88 %
Syndicated Metals	\$ 15m	\$ 4m	1,823 km ²	76 kt	\$ 143/t	1.75 %
				200 kt	\$ 55/t	1.10 %
				244 kt	\$ 61/t	1.13 %

Source : IRESS, company announcements, Intersuisse

There are three entries for SMD

- the first is considering Mt Remarkable only
- the second is including SMD's share of Kalman South; and
- the final entry includes Intersuisse's estimate for when SMD updates its resources estimate,

Figure 45 shows that SMD is in line with the cheaper stocks if contained copper is considered, but also that SMD has much higher grades so its resources should be worth more.

Conclusion

When SMD listed in December 2007, its lead project was Kalman South. SMD's share price has suffered as that project has been de-emphasised, as shown in Figure 46, while SMD has since generated a likely project in the Mt Remarkable EL,

Intersuisse's analysis shows that SMD is cheap when considering only the value in the existing resources at Mt Remarkable. It is even cheaper when its grades are considered against its comparatives.

The Board and Management accounted for over one-third of SMD's issued equity, as shown in Figure 47.

In Intersuisse's view, this is strong inventive to realise the value inherent in SMD.

SMD has a large area under EPM in NWQ. It has much larger companies as neighbours, all of which are given much greater value for their resources.

SMD's resources are assessed by Intersuisse as having much greater value than is currently reflected in SMD's share price.

SMD also has significant exploration potential.

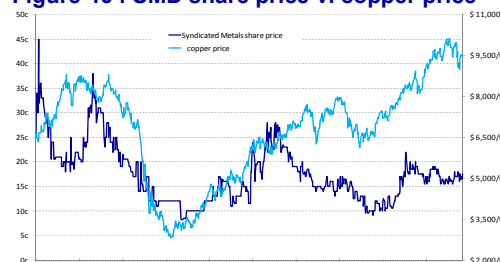
Intersuisse initiates research on SMD with a BUY recommendation, though with high risk.

SMD's share price performance has been hindered by the lack of progress on Kalman South, which was its major project when it listed

SMD has since developed the value Barbara prospect

Intersuisse initiates research on SMD with a BUY recommendation

Figure 46 : SMD share price v. copper price



Source : IRESS, Intersuisse

Figure 47 : SMD's key shareholders

Board and Management shareholdings		
Korea Zinc	13.60m	14.8 %
Russell Davis	6.14m	6.7 %
Bruce McCullagh	5.43m	5.9 %
Mark Whittle	5.51m	6.0 %
TOTAL	30.68m	33.5 %

Source : IRESS, Intersuisse

Board and Management

Chairman

Martin Pyle

BSc (Hons), MBA

Martin Pyle has a broad range of experience gained over 23 years in the resources industry in Australia. He is highly regarded in the corporate finance markets both here and overseas having served as Corporate Finance Director initially at stockbroking firm Hartley Poynton Limited for six years and subsequently for a further six years at Hartleys Limited following the management buyout of the Perth Wealth Management Division in 2003. During this time he was responsible for the generation and execution of resources related equity raisings, mergers & acquisitions, corporate advisory and research. Most recently he has provided corporate advisory services to a number of junior resource companies and is an Executive Director of Aurora Minerals Limited and Desert Energy Limited and a non-executive Director of Gold Road Resources Limited.

Managing Director

Russell Davis

BSc (Hons), MBA, MAIMM, FFIN

Russell Davis is a founding director of Syndicated Metals appointed to the board on 15th August 2005. He is a geologist with over 25 years experience in mineral exploration, management, property acquisition, mining and development. During this period he has worked on the exploration and development of a range of commodities for companies including Texasgulf Australia Ltd, Elf Aquitaine Australia Ltd, Noranda Australia Ltd, ASARCO Australia Ltd, Wiluna Mines Ltd and ASARCO Exploration Company, Inc. He has held senior positions including Chief Mine Geologist, Exploration Manager and Regional Manager. Mr Davis was a founding Director of Gold Road Resources Limited (formerly Eleckra Mines Limited) is presently a non-executive Director of Gold Road Resources.

Mr Davis holds a Bachelor of Science with Honours from the University of Queensland, a Graduate Diploma of Applied Finance and Investment and an MBA. Mr Davis is a Member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Financial Services Institute of Australasia.

Non-executive Director and Company Secretary

Bruce McCullagh

CPA AICS

Bruce McCullagh has wide experience in accounting, company secretarial and management in mineral and petroleum companies in Australia, the Libyan Arab Republic, the Arabian Gulf and USA and is a Certified Practising Accountant and a member of the Institute of Chartered Secretaries. He was appointed Company Secretary to ASARCO Australia Ltd in 1987 and continued with that organisation through to 1996 and since that time has held roles combining directorships and company secretarial duties with publicly listed junior mineral and petroleum exploration companies in Western Australia.

Non-executive Directors

Jan Hope

Jan Hope is a public relations and investor relations professional with well over 20 years experience in the industry. She founded the public relations firm, Jan Hope & Partners, in 1986 providing strategic advice and input to CEO's and senior management in the mining, financial, technology, and environmental industries. After building Jan Hope & Partners into a highly successful national corporate communications and investor relations consultancy specialising mainly in the mining sector, Jan stepped down as Managing Director in 2007. She has been a director of Syndicated Metals Limited since IPO and was Chairman of the ASX listed company Ampella Mining Limited up until 3 September 2008.

Ki Deok (KD) Park

B Bus Admin

Ki Deok Park was appointed to the Board on 11 February 2010 and has significant experience in business development, equity and debt financing, accounting and management in non-ferrous metals industries in Korea and Australia.

An experienced accountant and business developer, he has been holding a number of management positions and accounting roles with both Sun Metals Corporation Pty Ltd, dating back to August 2000, and with Korea Zinc Company Ltd, dating back to December 1992.

He is currently an executive director and the chief financial officer of Sun Metals Corporation zinc refinery in Townsville, Queensland and a director of Minocqua Metals Pty Ltd. He also holds seats on the board of various Australian subsidiary companies of Korea Zinc Company Ltd.

Exploration Manager

Mark Whittle

BSc (Hons), Msc, MAIMM

Mark Whittle has worked in the mining and exploration industry for over 20 years in Australia and the Philippines. Prior to joining Syndicated Metals, Mark was in private business specialising in GIS and database management.

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Prepared by Pieter Bruinstroop

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