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## Syndicated Metals May Be Next On The List For Sophisticated Investors Looking To Cash In On A Spate Of Good News In Australia

By Our Man in Oz

**Back in the good old days a race would be started with a friendly wave of a flag, or a call of "gentlemen, start your engines!" Not today, though, at least not if recent events on the Australian stock market are anything to go by. There, a stampede is underway for exploration prospects and undeveloped mineral assets in the ground. George Soros, the man who broke the Bank of England back in 1992, has already completed his first circuit of the track courtesy of a A\$10 million "petty cash" punt on **Marengo Mining**, shares in which have subsequently jumped from his entry price of A9.5 cents to recent trades at around A16.5 cents - a 73 per cent margin for George over five lazy days. Lesser mortals can follow the great Hungarian speculator into Marengo, which might not be a bad move, or play his game by finding their own starting point in the race. A first port of call might well be the low-profile **Syndicated Metals**, a company that, when you dig a little deeper, has much in common with Marengo, and to Ivanhoe Australia, a company controlled by an equally interesting character, Robert Friedland.**

Best known for his spectacular success in promoting and selling the Voisey's Bay nickel discovery in Canada back in the 1990s, and then shifting his talents to Mongolia, Friedland has been making a name for himself in Australia through a molybdenum and rhenium discovery called Merlin. Located close to Cloncurry in western Queensland, Merlin has waved its magic over Ivanhoe's share price, which doubled during August from A\$1.80 to A\$4.05 before settling back to a recent A\$3.45. Syndicated, for its part, also has exposure to rhenium, though a copper-moly-rhenium project called Kalman South, also located close to Cloncurry and Mt Isa in western Queensland.

Connecting the dots to join the Soros/Marengo play to Friedland/Ivanhoe and Syndicated is a mental exercise which was triggered in the mind of Minesite's Man in Oz during a chat with Syndicated's chief executive, Russell Davis, over a cuppa close to his office in the Perth suburb of Subiaco. A geologist by training, Davis was more interested in talking about an upcoming drilling programme on Syndicated's other major asset at nearby Mt Remarkable, than on speculating on how recent events on the stock market, and at other people's projects might affect his. Not so, a more exuberant observer such as Minesite's Man in Oz, who noted the value gap which has opened between different companies doing much the same job in.

"We're building a substantial base metals inventory," says Russell. Syndicated's projects are located in the heart of the famous Mt Isa Inlier, home to some of the world's great orebodies. "We've already established a significant amount of copper at Barbara in the broader Mt Remarkable project area, and Kalman South is showing every sign of becoming a major discovery."

Investors have, so far, been slow to recognise how the game is changing for Syndicated or to make the linkage between what's happened in recent weeks at Marengo and Ivanhoe. When they do they will find that Syndicated has its foot on plum exploration ground originally selected by that once great copper miner, Asarco, when it was the major shareholder in the equally great MIM Holdings (now Xstrata). Having a serious ground position in a world-class copper province is the major similarity between Syndicated and Marengo, Marengo's ground lying in an area originally selected by BHP Billiton. The similarities with Ivanhoe takes tangible form in the high levels of rhenium in Kalman South. Drilling has already outlined 840,000 ounces of the high-tech metal, much in demand lately for its use in the production of the super-alloys, in amongst other things, jet engines. If the rhenium-rich ore at Merlin is good enough to drive Ivanhoe's share price sharply higher, it's reasonable to expect the same result from Kalman South, given its geographic and geological proximity.

There are two other reasons to expect an awakening at Syndicated, one from the field, and the other corporate. The field event is the start of a fresh drilling campaign at Barbara where a structure that looks very similar to the original South Zone discovery has been identified. Russell says a 3,000 metre campaign will start soon, with the aim of expanding the ore resource at Barbara to a point where Syndicated can advance its mine development plans. The corporate event is harder to discuss, but it would appear obvious to a casual observer that Syndicated and Kings Minerals, the other party with an interest in Kalman South, ought to be looking at integrating their interests. Both companies are small operators sitting on what could become a mineral "elephant" with the potential to dominate both of them.

"Kalman South certainly has the appearance of being a sleeping giant", Russell says. "It is similar in style to Ivanhoe's Merlin project, rich in copper, moly, gold and rhenium. More importantly, exploration continues to expand the size of the discovery which is open down plunge." To illustrate his point Russell points to the latest drill results which included nine metres at an eye-popping 20% copper, plus 0.47 grams a tonne of gold, and an equally satisfactory 77 metres of 1.37%, 1.32 grams a tonne of gold, and 1.43 grams a tonne of rhenium.

Beyond the promise of the two projects currently occupying most of the management time at Syndicated, there is the company's "ground position", the asset which is likely to feature strongly as the resources sector regathers confidence after last year's fright. This is when Syndicated really comes in to its own, as it has its foot on some of the hottest tenements in a region which hosts some of the world's great orebodies. Unlocking value in the asset base should start with copper production at Barbara, followed by a deal on, or development of, Kalman South, while in the background there is the potential for a greatly expanded exploration effort as investors, and big miners, re-kindle their interest in undeveloped assets, copying the great speculator himself, George Soros.