



## Synergy Metals Ltd

ABN 59 005 482 904

Ground Floor

470 St Kilda Road

Melbourne Victoria 3004

Telephone (03) 9867 7199

Facsimile (03) 9867 8587

### MARKET UPDATE ANNOUNCEMENT

**9 JULY 2010**

#### HIGHLIGHTS

- Commencement of exploration activities following review of all exploration targets undertaken by independent consultants, Geos Mining.
- Application lodged for a new Exploration Licence adjoining existing tenement EL4744.

#### EXPLORATION ACTIVITIES

Independent geological consultants Geos Mining conducted a review of all mineral tenements held by Synergy Metals in north-eastern Victoria (Figure 1).

Following the receipt of recommendations from this review, Synergy Metals commenced exploration activities on specific target areas identified as having future potential. The target areas were in EL4744 and EL4818, two relatively underexplored areas held by Synergy Metals.

The results of the exploration activities are summarised below for each tenement.

**EL4744**, to the north of EL3916, covers the Granite Flat gold-copper project (Figure 2). A number of prospects have been identified that show anomalous copper and gold-in-soil values (Figure 3) and warrant additional field work prior to drill testing

Exploration activities undertaken on this licence have initially focussed on completing a stream sediment survey over the remainder of the Banimboola Pluton which is the focus of the mineralisation at Granite Flat. Results of this survey have been received and indicate that several new anomalous copper and gold areas have been defined in the north-west and south west of the pluton. Furthermore, these areas appear to be related to major structural features. Assessment of this data is continuing.

**EL4818** adjoins Jabiru Metals Limited's Stockman project, which contains the Currawong and Wilga copper-zinc-lead-silver-gold massive sulphide deposits. These deposits are currently at the mine scoping study stage.

At the Wattlebird prospect (Figure 4) in EL4818, previous exploration by Western Mining Ltd defined lead-zinc-copper-arsenic anomalies in soil samples within an area measuring approximately 4km x 2km. The style of mineralisation is interpreted to be hosted by structurally-controlled quartz veins emanating from nearby granite intrusions

Exploration activities undertaken on this lease included a thorough search of Mines Department mine records for the Omeo region (Figure 5). Here, a number of historical gold producers have recorded high grade gold mineralisation in quartz veined shears. These workings have not been drilled and data is being compiled to determine if extensions to the mineralisation along strike and down dip are valid drilling targets.

### **ACTIVITIES FOR OTHER AREAS IDENTIFIED**

Other areas identified by Geos Mining that are considered highly prospective, and which were reported in detail in the company's market update dated 1<sup>st</sup> April 2010, will be the subject of exploration activities over the coming months as Synergy manages internal cash resources whilst aiming to maximise the value of these tenements. Brief information on these other areas can be found in Table 1.

### **APPLICATION FOR EXPLORATION LICENCE**

Following a recommendation received from Geos Mining, an application has been lodged with the Department of Primary Industries over a new area adjoining EL4744.

The new area, known as Banimboola, covers an area of 52 sq klm and exploration activities will focus on gold and silver and other base metals.

The new ELA (Figure 6) adjoins EL4744 which lies to the north of EL3916.

### **UPDATE ON THE ONGOING DISCUSSIONS WITH POTENTIAL INVESTORS**

Following the visit by SDGM in March 2010, during which three of their senior geologists carried out extensive studies on all the Company's tenements, there have been ongoing discussions between the Company and SDGM who have continued to show particular interest in certain areas within the Company's tenements. A final decision by SDGM is subject to their further detailed internal evaluations with regard to the economics of those areas selected and their current assessment of the most appropriate investment into Synergy's and its tenements. There is no clear indication at this time how much time SDGM will require to complete their internal processes. The Directors continue to keep in close contact with SDGM and provide assistance in whatever way possible.

The Company has also carried out preliminary discussions with other parties located both locally and internationally with a view to forming investment partnerships to explore and develop the company's tenements. The Company will keep shareholders informed of the progress of these discussions as and when it is appropriate.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Jeff Randell, who is a Member of the Australian Institute of Geoscientists. Mr Randell is employed by Geos Mining and 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'. Mr Randell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

---

**For further information, please contact:**

Poh Kiat  
Chairman  
Synergy Metals Limited  
[pkiat@singnet.com.sg](mailto:pkiat@singnet.com.sg)

Andrew Metcalfe  
Company Secretary  
Melbourne office  
Tel: + 61 3 9867 7199  
[info@synergymetals.com.au](mailto:info@synergymetals.com.au)

**About Synergy Metals Ltd**

Synergy Metals Ltd is specialising in gold and base metals exploration in the East Gippsland region of Victoria. Synergy's granted tenements cover an area of approximately 1,867km<sup>2</sup> in some of Victoria's most prospective areas and include the historic goldfields at Glen Wills and Sunnyside.

Although the East Gippsland region has hosted many minerals in the past, the region has been significantly under-explored and Synergy is now using modern geological techniques to explore for gold, silver, tin, copper, zinc, lead, tungsten and molybdenum.

## EXPLORATION PROGRAMS CURRENTLY UNDER STUDY

The following programs are currently under review or have been activated by the company.

TENEMENT	PROSPECT	PROGRAM	AIM
MIN4921	Maude Mine – South & Central	Resource drilling - underground	Add resources Improve confidence level
MIN4921	Sunnyside	Resource drilling	Add resources
MIN4921	Centre Country	Resource drilling	Add resources
EL3916	Merrimac	Mapping & sampling	Define drilling targets
EL3916	Merrimac	Drilling	Define Au resources
EL4744	Merrimac Ext	Mapping & sampling	Follow up stream sediment anomalies
EL4744	Granite Flat	Data compilation	Reinterpret airborne geophysics
EL4744	Granite Flat	Mapping & sampling	Field check sampling
EL4744	Granite Flat	Drilling	Resource expansion & validation
EL4717	Omeo Shear Zone	Literature review Data compilation	Develop targets for drilling
EL4717	Omeo Shear Zone	Drilling	Define Au resources
EL4717	Regional	Mapping & sampling	Follow-up regional anomalies
EL4818	Wattlebird	Mapping & sampling	Follow-up soil anomalies
EL4818	Wattlebird	Geophysics	Define drilling targets
EL4818	Regional	Mapping & sampling	Follow-up anomalies

**Table 1: Exploration programs under study**

# SYNERGY METALS LIMITED

Synergy Metals (ASX code “SML”) is a major tenement holder in Victoria, with tenements covering a total of 1,867 square kilometres (Figure 1).

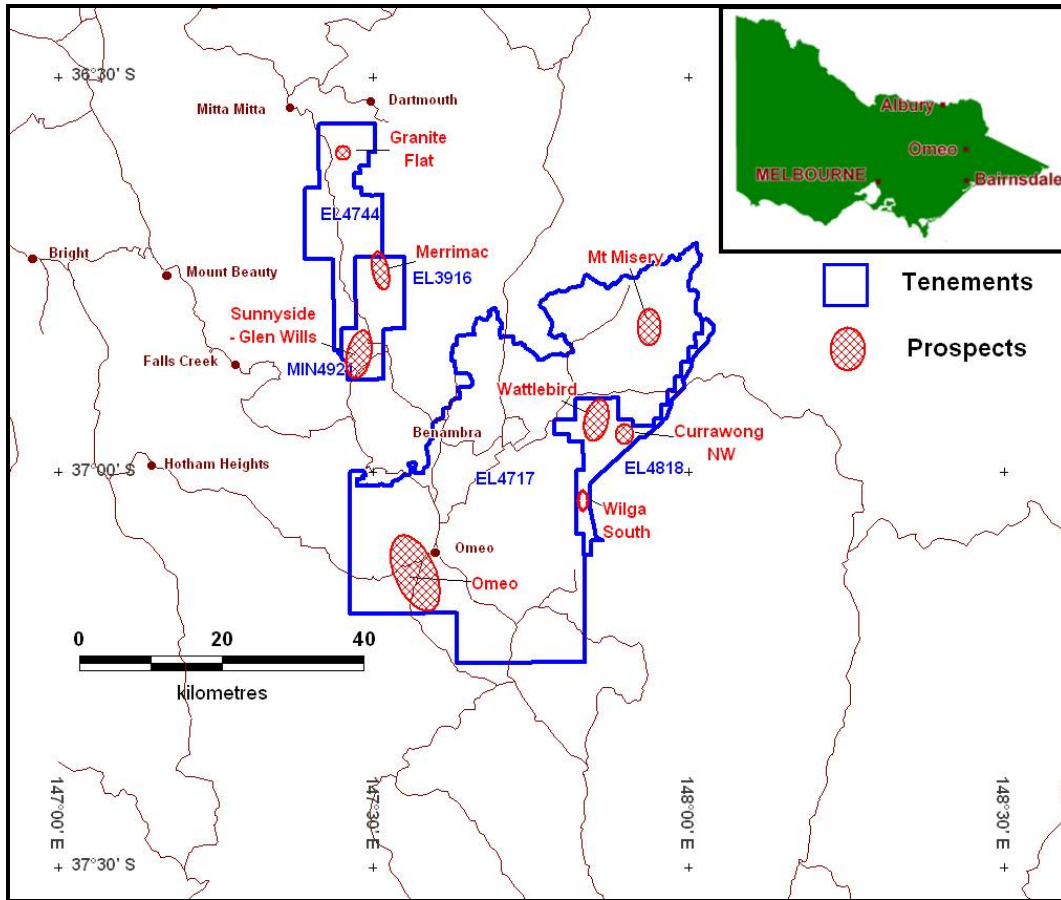


Figure 1: Synergy Metals Tenements and Prospects

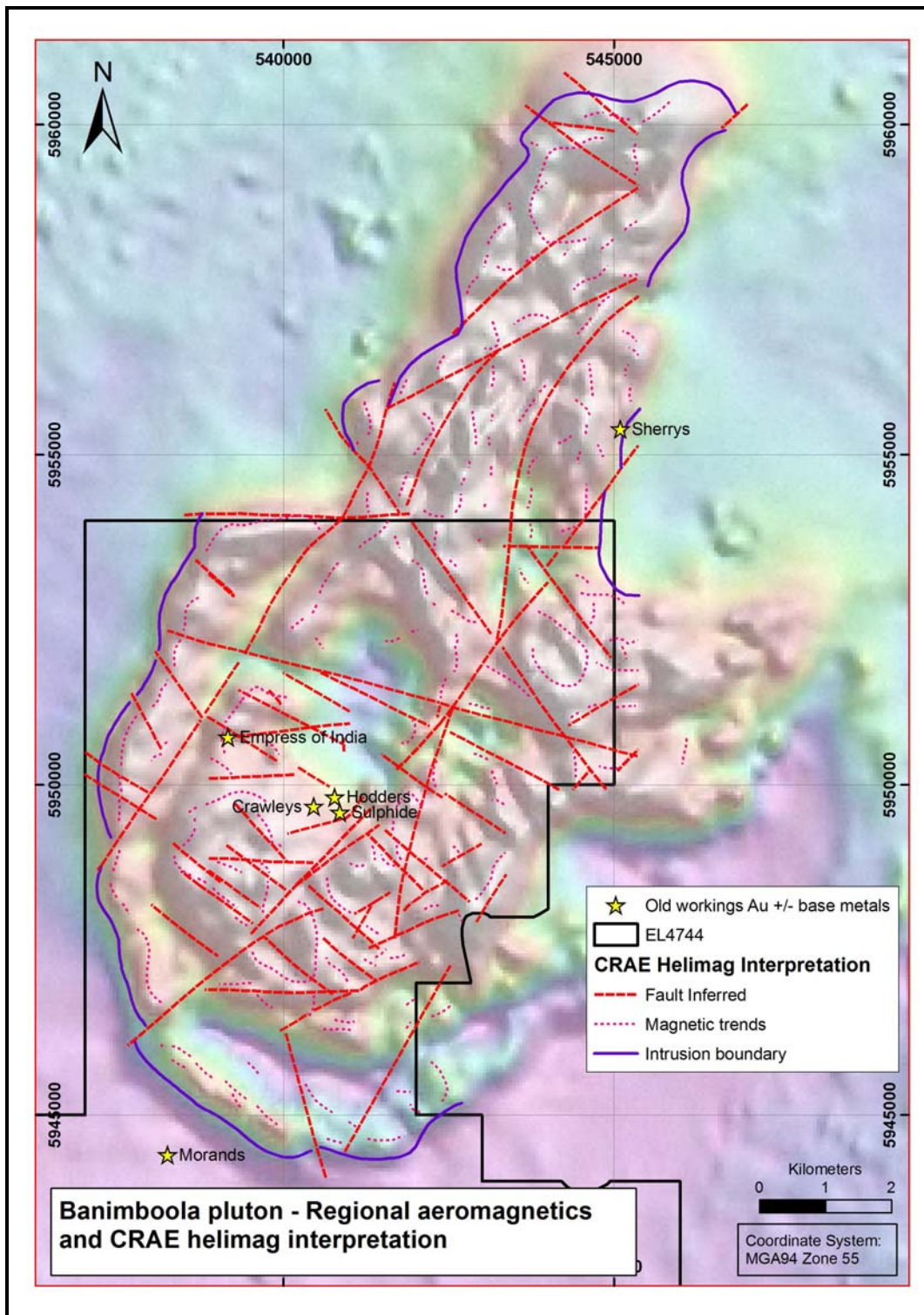


Figure 2: Granite Flat Project showing main prospects



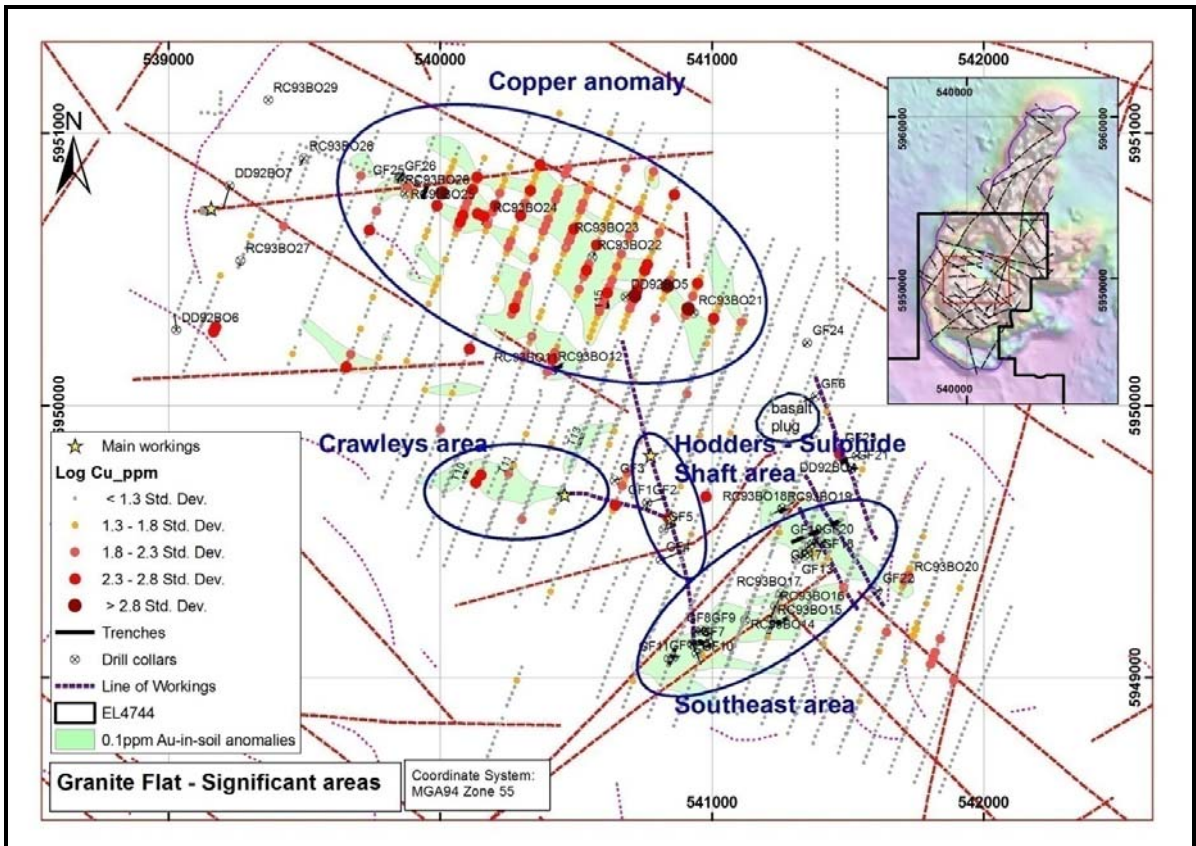


Figure 3: Granite Flat Project showing copper-in-soil anomalies

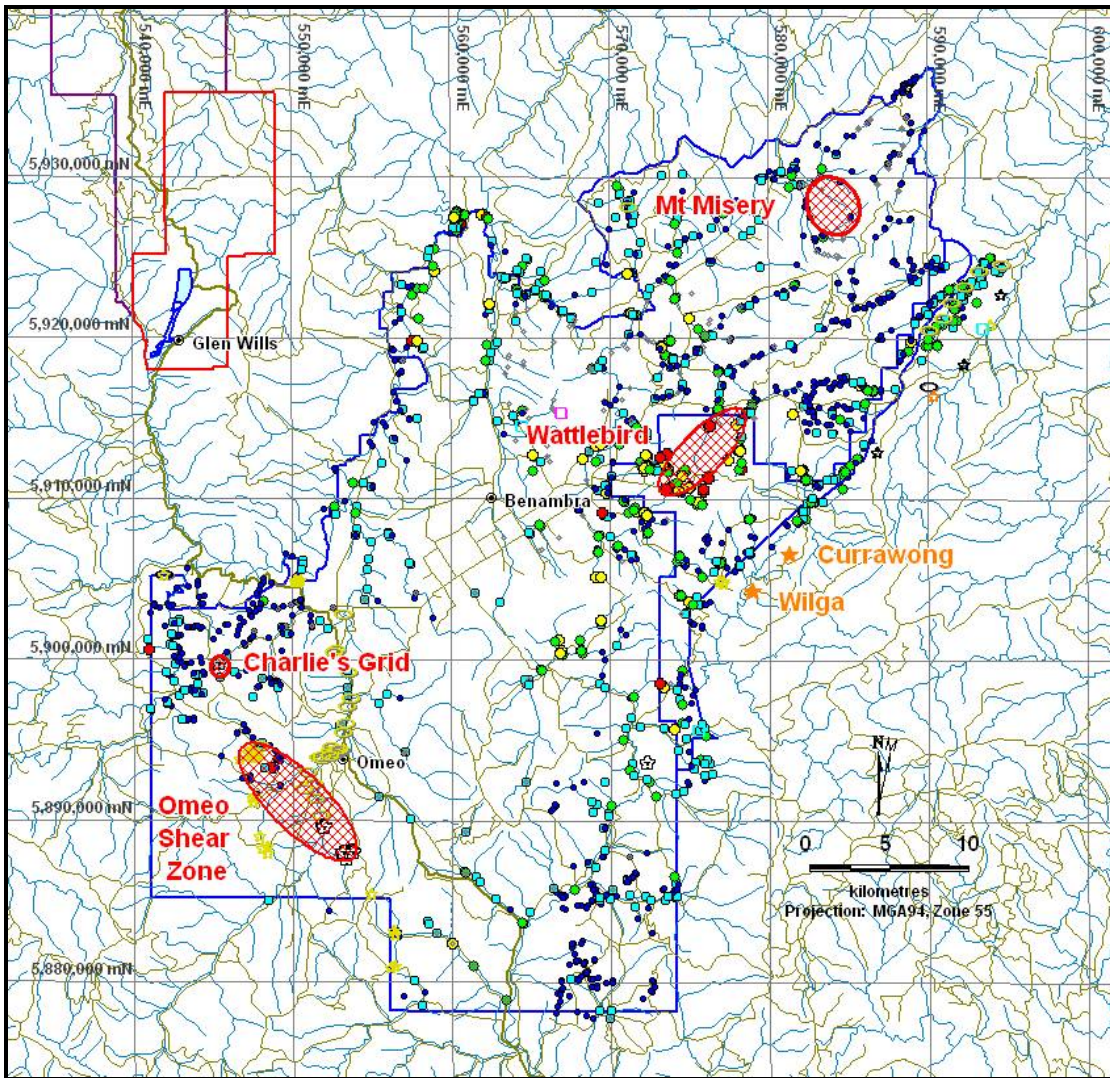


Figure 4: ELs 4717 & 4818 – Prospects & stream sediment zinc anomalies



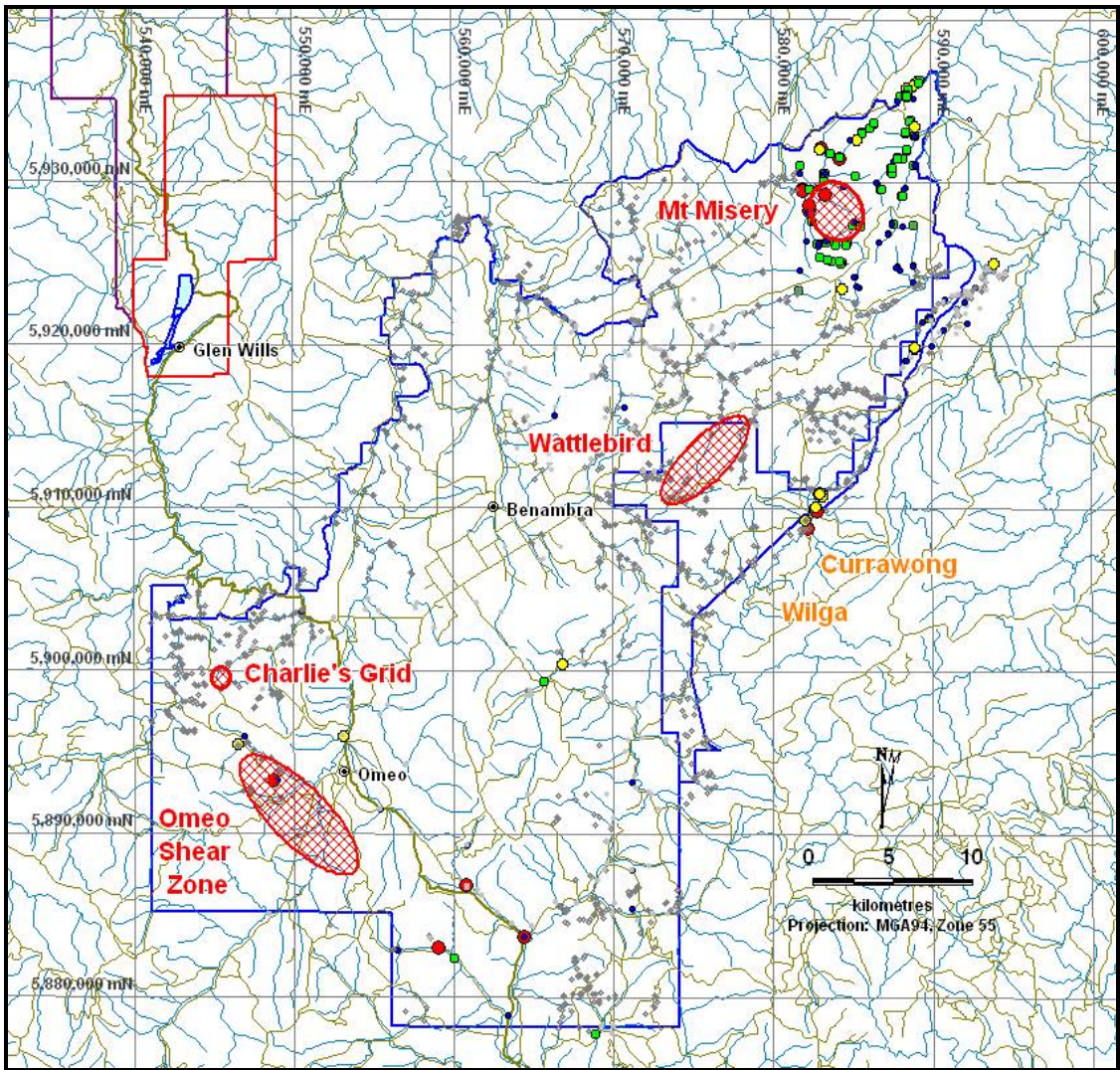
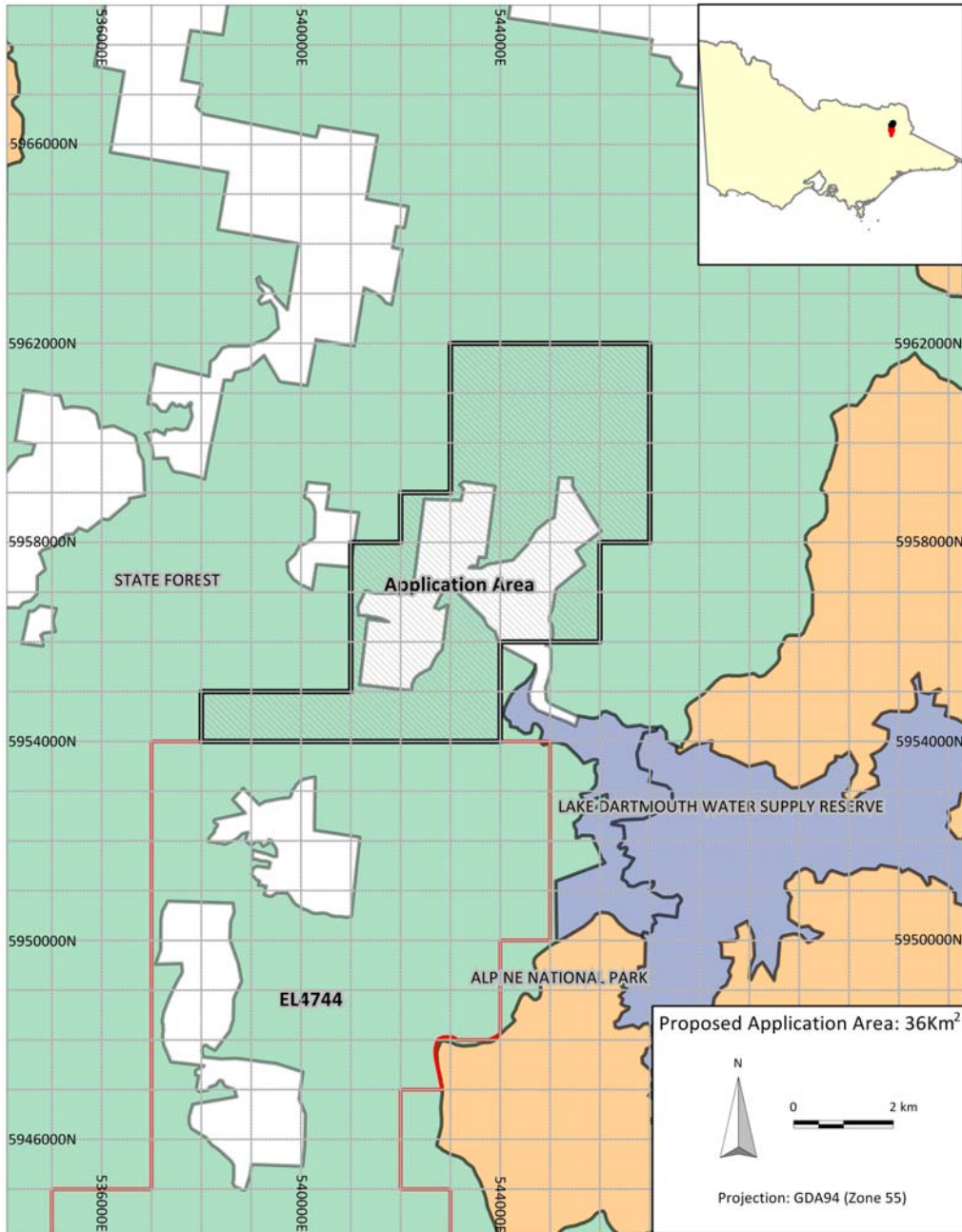


Figure 5: ELs 4717 & 4818 – Prospects & stream sediment gold anomalies

# Tenement Application



**Figure 6: Location of ELA Banimboola**