

Oxiana inks golden deal with Strategic

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Ben Sharples

GOLD and base metal miner Oxiana has farmed into Strategic Minerals' 450,000-ounce Woolgar gold project in North Queensland, in a deal that could see it spend \$A25 million on the project in just under five years.



"We're extremely pleased of what we've achieved over the last couple of years ... [but] Oxiana are in a better position than we are at the present time based on their financial and personnel resources," Strategic managing director Wally Martin told *MiningNews.net*.

"Oxiana approached us 12 months ago ... and they've spent the last year doing in-depth detailed due diligence over the project.

"We accepted the Oxiana proposition because they've been a very successful company ... they're aggressive and they can make decisions almost instantaneously, they've got an Australian-based board and they're highly regarded in the market."

The Woolgar project is made up of various deposits ranging from high grade near surface zones to large tonnage lower grade material.

Martin said testing of the deeper and regional potential at Woolgar was a priority and the farm-in arrangement provided an opportunity to accelerate the path to a potentially larger-scale operation.

"In the last quarterly report we had a desktop study done [by SRK Engineering] on the near-surface resource position at Woolgar and it certainly produced a positive outcome," Martin said.

"But there is fair bit of assumption work in that particular study, which requires further drilling and further metallurgical clarification.

"Subject to confirmation of the assumptions, which requires around six to 12 months work, we'd be pretty close to having a serious look at a feasibility study.

"Any work that Oxiana does will be highly valuable for Strategic and will advance the project ... their objective is to establish a medium to large scale operation."

The terms of the agreement provide for Oxiana to earn up to 70% of the Woolgar project through various farm-in stages.

In the event that Oxiana decides to develop Strategic's existing resource base into production without adding at least 200,000oz in the mine plan, cashflow from production will be shared 50:50.

Oxiana will also take a \$1 million placement of Strategic shares at 18c as part of the farm-in.

Shares in Strategic were up 0.5c (2.7%) during afternoon trade at 19c, while shares in Oxiana rose 3.5c (1.9%) to \$1.87.

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