



Testing the depths at Woolgar

The second stage of a deep diamond drilling campaign is now under way on the Woolgar gold project, 100km north of Richmond in Central North Queensland.

The project is a JV between mid-tier gold and base metals producer Oxiana Ltd and Perth-based Strategic Minerals Corporation NL.

Strategic Minerals managing director Wally Martin said the 7-11 hole diamond drilling programme, scheduled to finish by the end of August, was to further assess the overall vertical depth extent of the gold mineralised epithermal veins in the Sandy Creek area.

The JV staged farm-in agreement provides for Oxiana to earn

up to 70% in the project by funding it through to the completion of a BFS.

Martin said the additional drilling followed results from the 2006 drilling campaign which strongly supported the possibility for the discovery of further high-grade gold mineralised shoots below the depths of previously tested drilling.

Martin told **Gold Mining Journal** that Oxiana, which he described as "the ideal JV partner", was confident of hitting gold mineralisation at depth.

He explained that the JV provided for staged increases in Oxiana's equity – "the next stage involves them having to spend \$10 million to earn a 25% interest".

The present established gold resource in the Sandy Creek area had been defined above 100m vertical depth from surface.

The new holes are targeting the untested deeper extensions

to vertical depths of 300-500m of the defined near-surface mineralised epithermal veins.

Martin said Oxiana's objectives were to test for Pajingo/Vera Nancy-style gold deposits of more than 1 moz gold resources.

The drill holes are testing targets on each of the main veins which make up the Sandy Creek epithermal vein array with about 20km of outcropping veins.

Martin said gold majors with interest in the region were confident of hitting high grade pods of mineralisation with bonanza grades.

The JV was established in early 2006 and involves various stages for the farm-in.

Oxiana has to spend \$25 million over 3-4 years and produce a BFS to earn its 70% equity.

Martin said Oxiana will have exceeded its initial \$2 million commitment after completion

of the planned 2007 work programme.

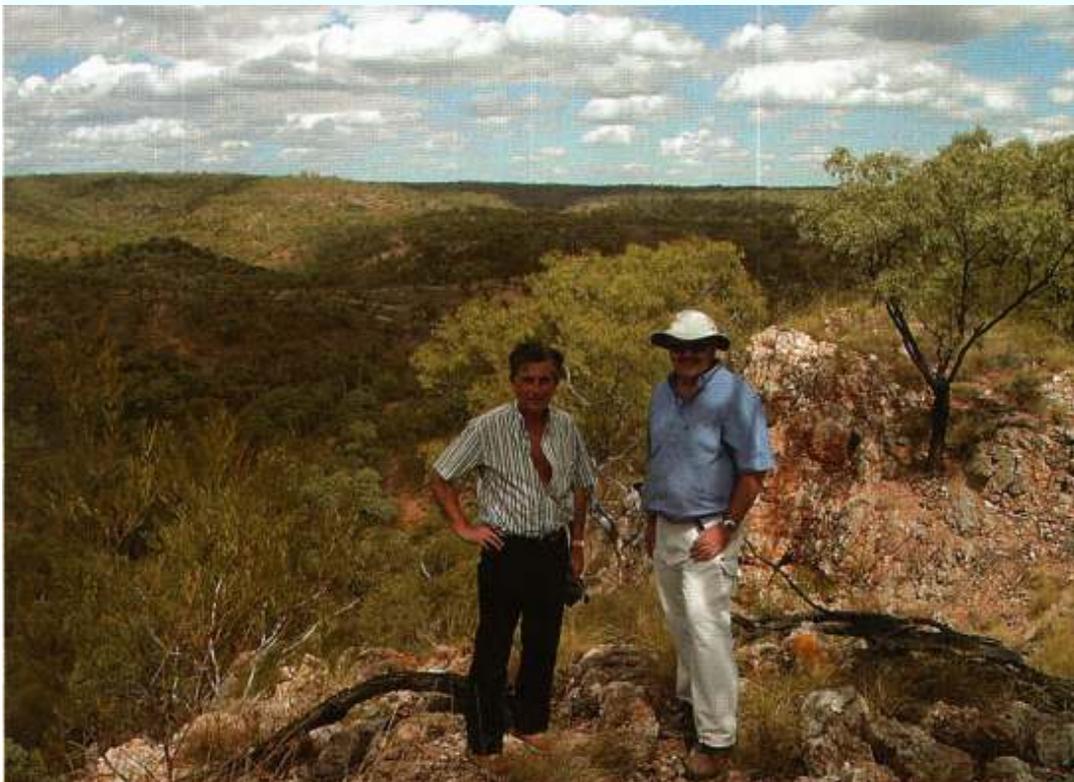
The Woolgar epithermal deposit has a resource of around 450,000oz delineated in the upper part of the Sandy Creek system to a depth of 150m.

Oxiana sees potential to expand this resource base through exploration near existing deposits and in the surrounding area.

Strategic Minerals has been involved in exploration at Woolgar since the mid-1980s when the Sandy Creek/Lost World epithermal vein camp was discovered.

Up to a few years ago Strategic Minerals had a similar JV with Barrick Gold Corporation. Barrick, however, pulled out of the JV when it was reassessing its exploration strategies, Martin said.

– Allan Francis



Strategic chairman Claude Guerre, left, and technical director Roland Bartsch at Woolgar