

South32 in new Queensland JV

SOUTH32 has signed an earn-in and joint venture agreement with junior explorer Superior Resources.



Exploration / Development > Discovery

The agreement covers the Nicholsons project in Queensland's Carpentaria zinc province, which is 250km southeast of the MacArthur River mine and 110km north-northwest of the Century mine.

Comments

South32 must fund an initial A\$2 million or 4000m of drilling in the first 12 months as part of the stage one pre-earn-in.

Share

Kristie Batten



The company can move to stage two by sole-funding a further \$4 million on exploration over the following four years, which will earn it 70%.

Superior will remain as manager during stages one and two. South32 can move to 80% in stage three by completing a prefeasibility study.

Brisbane-based Superior has long-believed Nicholsons presented good potential for the discovery of a large Proterozoic base metal deposit, but with just \$129,000 cash remaining at the end of March, it hasn't had the firepower to do the work.

"The initial exploration program is targeting up to three tier one-equivalent, drill-ready Mount Isa style lead-zinc-silver targets, which we believe could be similar in size to the McArthur River and Century deposits," Superior managing director Peter Hwang said.

"The earn-in and JV agreement with South32 is a significant milestone for Superior's lead-zinc strategy. It validates the potential of the project to host a world-class base metals deposit and ensures that we will be fully funded to complete the substantial drilling program within the first year of the JV.

"We believe that there are few peer stocks on the ASX with such an exposure to entry-level tier one lead-zinc-silver projects."

At least five large geophysical targets have been identified with only one target previously being subjected to exploration drilling.

Drilling is expected to kick off shortly after the completion of an aboriginal cultural heritage survey next month.

South32 already owns the Cannington silver-lead-zinc mine in Queensland.

The company has a global greenfields exploration budget of US\$41 million this financial year, focused on zinc, lead and copper.

It also has a strategic alliance with unlisted North Queensland Resources in the state, as well as projects around Australia and the Americas.

Shares in Superior jumped 16.7% to A0.7c, valuing the company at \$4.8 million. South32 shares were down 1.7% to \$3.38.



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