

OZ steps up Cloncurry commitment

OZ Minerals will move to an 80% interest in the Jericho copper-gold discovery near Cloncurry in Queensland after restructuring a joint venture with Minotaur Exploration.

Kristie Batten

OZ recently reached a 70% stake in the Eloise joint venture ground by spending A\$10 million and has now agreed to loan-carry minority partner Minotaur to commercial production for an additional 10% of the Jericho deposit only.

The loan will only be repayable by Minotaur from positive cashflow from Jericho.

Jericho was discovered in 2017 by the partners, which saw early similarities to the Eloise deposit.

Drilling during the 2018 field season boosted the strike lengths of the J1 and J2 targets to 3km each, with both targets open in all directions.

Last month drilling resumed with a 21,000m program of about 80 holes planned, with the aim of delineating a maiden resource.

"Minotaur's board considers the loan carry arrangement over the Jericho project is, at this early pre-resource stage, a highly attractive route for the company as Minotaur is relieved of all expenditure for its share of Jericho from now until mine cashflow eventuates," Minotaur managing director Andrew Woskett said.

"Moreover, Minotaur avoids highly dilutive equity funding to finance its share of the project."

Woskett noted OZ's proven inclination to progress attractive projects aggressively.

"Minotaur's directors welcome OZ Minerals' expression of faith in the potential of the Jericho discovery and its tangible support for Minotaur as a respected partner," he said.

OZ's 70% stake in the broader Eloise JV remains unchanged, and the company will commit an additional \$3 million over the next two years due to the addition of several new tenements.

Minotaur won't be required to contribute until the funding is exhausted, after which it can fund its share or dilute to 20%.

Minotaur will manage the JV. Work this field season will focus on Jericho-style targets.

OZ and Minotaur also announced the formation today of an exclusive strategic alliance over the Cloncurry district.

The alliance will see OZ fund Minotaur's project generation work to the tune of \$1 million over two years.

OZ will sole-fund any projects accepted into the alliance at up to \$4 million over three years.

Minotaur will also receive a \$300,000 acceptance fee, \$1 million after a positive scoping study, and \$2 million on a positive prefeasibility study.

Like the Eloise JV, OZ will hold 70% and Minotaur the balance but can choose to be loan-carried by OZ to dilute to 20%.

Shares in Minotaur were untraded at 4.2c. OZ shares dropped 1.2% to \$9.28.