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Jubilee joins Pioneer for a bigger piece of nickel

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Alliances

MID-TIER nickel star Jubilee Mines has dipped into its large hoard of cash, as it seeks to convince the market it is more than a one-trick pony.

The company, which has been earning record profits from its Cosmos mine to the north of Kalgoorlie, will enter a joint venture with Pioneer Nickel on a large acreage of tenements near Kalgoorlie and also take a 10 per cent slice of that company.

Even though Jubilee is spending big on further exploration at Cosmos, near Leinster, the market had been concerned the company did not have a second string to its bow when Cosmos's nickel ran out.

So investors liked yesterday's news. Pioneer, which has had little market recognition, saw its shares ignite, rising 4c to 16.5c. Jubilee also rose, putting on 9c to \$4.44.

The only party not to arouse any interest yesterday was Image Resources, which has the neighbouring ground to Pioneer's — and is already a Jubilee partner there.

Jubilee cited the good drilling results at its joint venture with Image at Emu Lake as

identifying high-grade massive sulphide mineralisation with intersections of up to 6.2 per cent nickel.

Yesterday's deal satisfies both parties. Jubilee has been seen as cash rich but land poor and needing to find a future beyond Cosmos. The company had \$121 million cash on hand at June 30.

Pioneer has extensive land holdings, but almost no investor profile. The Kalgoorlie-based company, which holds potential sulphide nickel tenements, was spun out of laterite nickel play Heron Resources.

Pioneer managing director David Crook said his company had not yet had enough exploration success to make it stand out in the market.

He hoped Jubilee taking 10 per cent and a board seat would bring a range of business and exploration skills beyond what a junior could afford. "Having a big brother on the register is fantastic," he said.

Money banked from selling 10 per cent of the company to Jubilee would help finance Pioneer's other exploration work.

Jubilee will spend \$712,500 to

take a placement of Pioneer Nickel shares, giving it a 10 per cent holding and making it the second-largest shareholder after Heron Resources' Ian Buchhorn. In addition, it will reimburse Pioneer \$230,000 for past exploration.

It has also agreed to spend \$3 million on Pioneer's land at Emu Lake and Acra, 80km east of Kalgoorlie, to earn a 60 per cent interest in those projects with the right to go to 75 per cent.

Jubilee said the deal gave it a dominant ownership position over 140km of a potential mineralised belt.

Jubilee executive chairman Kerry Harmanis said his company had considered several other opportunities in the nickel sector but they were too expensive and short on value.

"We have therefore decided to focus on exploration and joint venture opportunities which can be advanced relatively quickly," he said.

The new venture lies in an area with several notable nickel mines — Carr Boyd, Silver Swan and WMC Resources' closed Scotia nickel mine.

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