

# Cassini/Oz Minerals JV under way

The reality of the West Musgrave nickel-copper project becoming a mining operation is likely to be realised much quicker with the involvement of Oz Minerals Ltd.

Andrew Cole, Oz's chief executive, believes it is feasible for production to start in four years' time at West Musgrave, owned by Cassini Resources Ltd.

A scoping study released in 2015 identified potential for a 4 mtpa operation producing 12,300t nickel and 14,300t copper over 15 years for a pre-production capex of \$435 million.

"When we released the scoping study in April 2015, we were very cognisant in terms of the size of the plant and we were very sensitive about the capital expenditure," Cassini managing director Richard Bevan said.

"We are a small junior explorer and that really determines the strategy about the sizing of the project. That is much less of an issue [now]. There are significant options – with the grunt of Oz Minerals – to add value to the project. We can reduce some of our costs, perhaps around power and other improvements."

A hybrid power solution of wind and diesel is an area where potential cost savings can be made, however, the first order of business under the Cassini/Oz West Musgrave JV will be further scoping study work around the metallurgy.

The initial programme under the JV will see Oz spend \$3 million over a maximum of 12 months, whereby drilling in the transition zones of the Nebo-Babel orebody will be a priority alongside improving the understanding of the geometallurgical model, metallurgy plus further mining and infrastructure studies.

Despite Oz's substantial buy-in – sole funding \$36 million on development and exploration and free-carrying Cassini to a decision to mine Nebo-Babel – the latter will remain operators through to the DFS.

Prior to entering the deal with Oz, Cassini had spoken to other companies, however, Bevan said Oz was best



Richard Bevan

aligned with the strategy in place.

"Andrew Cole has stood up and said this is going to be one of their mines [potentially as early as 2020] and that the goal is getting to production," he said.

"There are some great opportunities right now, the opportunity to develop projects at the low point in the commodity cycle is a significant benefit. We believe it gives us the opportunity for cash flow into the project and it minimises the treadmill of trying to hold these projects and running the risk of withering on the vine by trying to raise smaller amounts of capital to sustain this project. It gives us a much more defined time line going forward."

By retaining Cassini's technical team as operators, Oz can leverage from the knowledge built by the likes of Greg Miles, Jon Hronsky and Zoran Seat, who all have a great understanding of the West Musgrave.

It is likely a DFS will be completed on the project in two-and-half years and while Oz is funding that, it will also com-

mit minimum expenditure of \$8 million on regional exploration.

There are numerous targets which have been formed from historical work and while Oz is not obliged to invest in exploration at this stage of the JV, it has been decided some of the planned work to test high-grade nickel and copper hits in the area be brought forward.

A programme was expected to start by the end of October, with exploration drilling at Succoth and One Tree Hill being targeted.

Bevan said he expected that first phase to last about 12 months.

"Oz is keen to progress through as quick as possible, so we will be working fairly hard over the next 9-12 months to ensure that we do that. We have a good mix of development work and exploration work happening," Bevan said.

When the temperature in the West Musgrave region cools off somewhat next year, resource extension drilling at Nebo-Babel will also start.

"The resource is currently open in many areas and that drilling will focus on the massive sulphide zones that form part of the early mining schedule. The exploration piece of this work also says something about what Oz Minerals adds to this project," Bevan said.

Meanwhile, Cassini will also pay some attention to its own projects – the Mt Squires gold and West Arunta zinc projects – in the New Year.

At the time of print, a SPP remained open at 4.5c/share to raise \$2.5 million to help Cassini fund exploration activities such as flying an EM survey over West Arunta in Western Australia.

– Mark Andrews