

OZ completes West Musgrave earn-in early

MID-TIER copper miner OZ Minerals has completed the 70% earn-in at Cassini Resources' West Musgrave project 14 months ahead of schedule.



Cassini confirmed OZ had spent the A\$36 million required to reach the ownership milestone.

OZ will continue to sole-fund studies on the Nebo-Babel deposits up until a decision to mine.

Cassini will be loan-carried for its 30% contribution from this point, with principal and capitalised interest to be repaid five years after the start of production.

It's not hard to see how OZ spent the money so fast, with the company completing 53km of infill drilling last year alone.

That program resulted in an updated resource, released today.

The total resource is now 238 million tonnes at 0.35% nickel and 0.38% copper for 838,000 tonnes of nickel and 908,000t of copper.

Though tonnage dropped 15%, the overall confidence of the resource improved.

Indicated resources rose 26% to 141Mt and now represent 59% of the overall inventory.

Speaking to analysts this morning, OZ CEO Andrew Cole described the update as a "more realistic, conservative resource".

The updated figure will underpin a prefeasibility study to be completed late in the current quarter and released early in the September quarter, a little later than previously flagged.

Cole said the delay was the result of "agile work methodology" that had raised the potential for scope changes and optimisations.

"We think this is a good result," he said.

Meanwhile, the company's more advanced development, the \$916 million Carrapateena project in South Australia, achieved a major milestone yesterday with the mining of first ore.

Cole said the quarter was marred by the death of an ElectraNet helicopter pilot who was stringing powerlines for the project last month.

He said the incident had a "profound impact on the company".

Meanwhile, the Prominent Hill mine in SA had a "good strong start to the year", producing 25,575t of copper and 32,947oz of gold, keeping it on track for 2019 guidance of 95,000-105,000t of copper and 115,000-125,000oz of gold.

C1 costs were US48.6c per pound and all-in sustaining costs were 90.7c, well below guidance of 65-75c and \$1.10-1.20/lb respectively.

Antas in Brazil produced 1867t of copper and 1701oz of gold, though full-year guidance won't be provided until the completion of a new mine plan, due this quarter.

Also due this quarter is a resource update and start of early works at Pedra Branca, as well as the CentroGold PFS, followed by an updated resource in the September quarter.

Cole admitted the company's project map was getting busier.

"The project timeline is going to continue to remain dynamic," he said.

He said OZ was a "slightly larger company with added complexity" but had the people to manage the growth.

OZ also continued to be active in exploration, recently forming a new exploration alliance with Red Metal that has substantially increased its Australian footprint.

Red Metal reported yesterday the first hole into the PH1 target, 42km south of Carrapateena, had hit 35m at 0.6% copper from 841m, including 10.8m at 1% copper.

The company speculated the magnetite and chlorite alteration with the wide interval of anomalous copper could indicate a "near-miss" hole.

The other five holes failed to hit significant copper.

OZ is also holding an Explorer Challenge, a crowdsourcing exploration challenge that is offering up to \$1 million to anyone who can come up with exploration targets at Mt Woods in SA.

With eight weeks to go, the competition has attracted more than 1000 participants from 64 countries.

Shares in OZ were down 0.4% to A\$10.555 this morning. The stock hit a 52-week high of \$11.04 on April 1.