

Cassini Resources to be acquired by mid-tier OZ Minerals Limited

John Miller, Proactive Investors 16:50 Mon 22 Jun 2020

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The board of Cassini unanimously recommends the transaction

Cassini Resources Ltd (ASX:CZI) (FRA:ICR) has executed a scheme of arrangement under which mid-tier miner OZ Minerals Limited (ASX:OZL) (OTCMKTS:OZMLF) (FRA:OXR) will acquire all of the issued and to be issued shares of Cassini.

This binding scheme implementation deed will result in OZ Minerals consolidating 100% ownership of the West Musgrave Project and surrounding tenements to 100%.

Inter-conditional demerger

Cassini will also undertake an inter-conditional demerger of its Yarawindah Brook and Mount Squires assets into a new company, Caspin Resources Limited which intends to apply to list on the ASX.

Its shareholders will receive immediate value for the West Musgrave Project and ongoing exposure to upside from future project value, as well as Yarawindah Brook and Mount Squires, via Caspin.

The OZ Minerals deal alone at 16 cents per Cassini share provides an implied enterprise value of A\$76 million as at June 19, 2020.

“Realising immediate value”

Cassini chief executive Richard Bevan said it was an opportune time for Cassini shareholders to realise value for the West Musgrave Project, whilst maintaining their exposure to the Yarawindah Brook and Mount Squires assets.

“In accepting the offer, Cassini shareholders are able to realise immediate value for their stake in the West Musgrave Project whilst retaining their exposure to the project via the OZ Minerals shares that form part of the consideration.

“In addition, we are excited to be launching a new company, that intends to apply for listing on the ASX (subject to regulatory approvals), and in which Cassini shareholders will receive pro-rata shares.

“Caspin will focus on the highly prospective exploration projects at Yarawindah Brook and Mount Squires.”

Cassini’s securities have been up to 36% higher at 17 cent intra-day and closed 24¢ higher at 15.5 cents.

Consideration

The consideration from OZ Minerals comprises:

- ▶ A\$0.15 in the form of one new OZL share for every 68.5 CZI shares held; and
- ▶ A\$0.01 per share cash capital return to be paid out of Cassini’s existing cash balance.

This consideration, which excludes the Caspin shares, represents a premium of:

- ▶ 31% to Cassini’s 1-day VWAP price of A\$0.123 per share, on June 19, 2020;
- ▶ 31% to Cassini’s 1-month VWAP of A\$0.122 per share, up to and including June 19, 2020; and
- ▶ 55% to Cassini’s 3-month VWAP of A\$0.103 per share, up to and including June 19, 2020.

Cassini’s board has unanimously recommended the transaction and confirmed their intention to vote in favour of all resolutions.

Major shareholders, which represent 17.4% of issued capital, including Tinci Materials, have confirmed their intention to vote in favour of the transaction.

Enhancing OZL optionality

The acquisition scheme, which will result in OZ Minerals consolidating ownership of West Musgrave and surrounding tenements including One Tree Hill and Succoth, will enhance optionality regarding the optimal development approach, timing and funding for the project.

A pre-feasibility study (PFS) released in February 2020 showed West Musgrave to be a low-cost, long-life (26-year), copper-nickel open pit project with a low carbon footprint.

This project is in Western Australia near the borders of South Australia and the Northern Territory.

“Natural evolution”

OZ Minerals chief executive Andrew Cole said the acquisition was the natural evolution of a strong and effective working relationship with Cassini which had enabled agreement on the best value path forward for both parties.

“We appreciate the quality project Cassini introduced to OZ Minerals and we have valued their input in the project throughout the Further Scoping Study and pre-feasibility study.

“This is a promising project with strong sustainability credentials both in terms of the copper and nickel to be mined being critical inputs for the renewable economy and also in relation to its low carbon footprint with some 80% of power generated through renewable sources including solar and wind.

“We are also pleased to welcome Cassini shareholders on to OZ Minerals’ register to continue to benefit from further progress at West Musgrave which complements our operations at Prominent Hill and Carrapateena in South Australia and the Carajás hub in Brazil.”

Benefits to shareholders

Benefits to Cassini shareholders:

- ▶ Attractive headline offer value and premium received for 30% interest in West Musgrave;
- ▶ Retain exposure to de-risking and future value unlocked from West Musgrave via OZ Minerals scrip consideration and contingent consideration;
- ▶ Gain exposure to OZ Minerals’ global portfolio of producing and development assets, including potential future dividends; and
- ▶ Retain full exposure to Yarawindah Brook and Mount Squires via shares in Caspin.

An independent expert will be commissioned to form a view on the value of Caspin shares that Cassini shareholders will also receive and therefore total transaction consideration for Cassini shareholders.