



\$36M WEST MUSGRAVE JV WITH OZ MINERALS

HIGHLIGHTS

- **Binding Heads of Agreement signed with OZ Minerals**
- **OZ Minerals can earn up to a 70% interest in the West Musgrave Project by sole funding a minimum of \$36 million on development and exploration**
- **Cassini free carried through completion of Definitive Feasibility Study and decision to mine**
- **Farmin/JV includes a minimum of \$8 million expenditure on regional exploration**
- **Provides a clear and defined development pathway to cashflow**
- **Cassini to manage Nebo-Babel PFS and regional exploration work**

Cassini Resources Limited (ASX:CZI) ("Cassini" or the "Company") is pleased to announce it has executed a binding Heads of Agreement with leading Australian resources company OZ Minerals Limited (ASX:OZL) ("OZ Minerals") to fast track development of the Company's 100% owned West Musgrave Project ("WMP" or the "Project") located in Western Australia.

Under the agreement, OZ Minerals has been granted the right to farmin to the WMP by sole funding up to \$36 million of development and exploration expenditure, including completion of a Definitive Feasibility Study (DFS), for a 70% interest in the Project. The agreement includes funding for continued studies on Nebo-Babel to progress it to a "Decision to Mine", as well as a regional exploration spend of up to \$8 million to assist in identifying additional value adding opportunities. Full details of the farmin are detailed below.

Since acquiring the WMP in 2014, Cassini has focused on improving the geological and technical understanding of the Project, and progressing the Project through to a positive Scoping Study in April 2015 which was further optimised in April 2016. These studies demonstrated strong potential to become a low cost (first quartile) nickel/copper operation with an initial mine life of over 15 years. This agreement with OZ Minerals enables the Project to be progressed to the next stage, leveraging OZ Minerals' significant funding and development capability.

Cassini and OZ Minerals expect the first works under the agreement to commence during the fourth quarter of 2016, and include drilling, metallurgical testwork and engineering studies to support further study work.

Key agreement terms

Cassini and OZ Minerals have entered into a binding Heads of Agreement which grants OZ Minerals the right to farmin to Cassini's wholly owned WMP via a three stage process. The key commercial terms of the binding Heads of Agreement are as follows:

Initial Minimum Commitment

- OZ Minerals will sole fund an initial minimum spend of \$3m within a maximum 12 month period to further progress scoping studies on the WMP (“Minimum Commitment”); and
- OZ Minerals will contribute the services of two full time technical employees to work under the instruction of Cassini while the Minimum Commitment is met.

Stage 1 Farmin

At completion of the Minimum Commitment, OZ Minerals may earn a 51% interest (“Stage 1 Farmin”) in the WMP by:

- sole funding an additional \$15m within an 18 month period towards completion of a Pre-Feasibility Study (“PFS”) and Definitive Feasibility Study (“DFS”); and
- sole funding at least \$4m within the same 18 month period on regional exploration

Stage 2 Farmin

At completion of the Stage 1 Farmin, a joint venture will be formed between Cassini and OZ Minerals and OZ Minerals may earn an additional 19% interest (“Stage 2 Farmin”) (for a total of 70% in the WMP) by:

- sole funding further \$10m within a 12 month period towards completion of a DFS; and
- sole funding at least another \$4m within the same 12 month period on regional exploration

Should OZ Minerals complete their obligations to earn a 70% joint venture interest, Cassini will have the right to maintain its 30% interest by contributing to ongoing expenditure on a pro rata basis or dilute under standard industry terms.

Stage	Earn in requirement	JV Interest earned (%)	Timeframe of earn in
Initial Minimum Commitment	<ul style="list-style-type: none">• \$3m Further Scoping Study; plus• Provision of two full time OZ Minerals technical staff	0%	Up to 12 months
Stage 1	<ul style="list-style-type: none">• \$15m expenditure towards PFS/DFS; plus• \$4m regional exploration	51%	Up to 18 months
Stage 2	<ul style="list-style-type: none">• \$10m expenditure towards DFS; plus• \$4m regional Exploration	70%	Up to 12 months
Total	<ul style="list-style-type: none">• \$36m on project development; plus• Provision of two full time OZ Minerals technical staff	70%	

Cassini Resources Limited's Managing Director, Richard Bevan, said the binding agreement provides Cassini a level of certainty of project funding and the opportunity to develop a long term partnership with OZ Minerals, a well-respected and capable Australian resource company.

"Cassini welcomes the agreement with OZ Minerals which allows the Company to progress the WMP through the current low period of the commodity price cycle. As well as funding exploration and development of the WMP, the partnership provides access to the significant technical capabilities of OZ Minerals, a company with significant base metal project development expertise", he said.

"We see this as a great deal for the Company and our shareholders as it provides for a significant level of funding to progress the Project which will give us a clear line of sight on a decision to mine and subsequently, potential cash flow for the Company. It is a clear endorsement of the potential of the Project.

"OZ Minerals is a strong and credible partner and we are very much looking forward to working with their team as we enter this new stage of Cassini's development."

OZ Minerals Managing Director, Andrew Cole, commented: "This deal is strategic and is more about earning into a very significant proportion of a new mining province rather than just a single project.

"The West Musgrave Project is Australia's largest undeveloped copper nickel deposit. With over 200 million tonnes of resource at 1.28% copper equivalent¹ that could be mined with a shallow open pit, Nebo Babel is pretty compelling just on its own."

KPMG Corporate Finance's Mining M&A team acted as adviser to Cassini with regard to the transaction.

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About the West Musgrave Project

The WMP is a large undeveloped nickel and copper asset located in the Musgrave region of Western Australia and includes the advanced stage Nebo-Babel deposits (Table 1) and highly prospective exploration ground, including but not limited to the large Succoth copper deposit (Table 2).

Table 1. Nebo-Babel Indicated and Inferred Mineral Resource (0.3% Ni cut off) - February 2015

Prospect	Classification	Tonnes Mt	Ni %	Cu %	Co ppm	Fe ₂ O ₃ %	MgO %	As ppm	S %
Nebo	Indicated	25.8	0.52	0.46	215	15.9	4.7	2.0	2.8
	Inferred	3.0	0.60	0.48	229	16.4	4.9	2.5	4.0
	Total	28.9	0.53	0.46	217	16.0	4.7	2.0	3.0
Babel	Indicated	69.7	0.39	0.42	139	14.8	7.7	1.9	2.4
	Inferred	104.5	0.38	0.40	135	14.8	7.8	2.3	2.3
	Total:	174.2	0.39	0.41	137	14.8	7.7	2.2	2.4
Combined	Total:	203.1	0.41	0.42	148	15.0	7.3	2.1	2.4

Table 2. Succoth Deposit Inferred Mineral Resource estimate (0.3% Cu cut-off)

Type	Tonnes (Mt)	Cu (%)	Cu Metal (t)	Pt (ppm)	Pd (ppm)
Oxide	5	0.59	31,000	0.04	0.11
Fresh	151	0.60	912,000	0.04	0.11
Total	156	0.60	943,000	0.04	0.11

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr Greg Miles, who is an employee of the company. Mr Miles is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Miles consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this report that relates to the Mineral Resources has been compiled or supervised by Mr Aaron Green, who is a full-time employee of CSA Global Pty Ltd. Mr Green has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Green consents to the disclosure of this information in this report in the form and context in which it appears.

The Company is not aware of any new information or data, other than that disclosed in this report, that materially affects the information included in this report and that all material assumptions and parameters underpinning Mineral Resource Estimates and Exploration Results as reported in the market announcements dated 13, 15 April 2015 and 7 December 2015, continue to apply and have not materially changed.

¹ The formula for converting Cu and Ni Head grades into CuEq and NiEq Head grades are as follows: $NiEq = Ni + Cu * (US\$3/lb * 82.2\%) / (US\$8/lb * 71.7\%)$ and $CuEq = Cu + Ni * (US\$8/lb * 71.7\%) / (US\$3/lb * 82.2\%)$. Metal recoveries used to calculate the conversion factor are 82.2% Copper and 71.7% Nickel, these are taken from the Cassini Scoping Study dated 13th April 2015 and based upon metallurgical test work. Metal prices of US\$3/lb Copper and US\$8/lb Nickel were used in the calculation. It is OZ Minerals belief that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. Note that both the CuEq and NiEq are head grade equivalents, which are recommended for reporting resources. CuEq grades have been published to enable a comparison to OZ Minerals Cu assets.