

1 AUGUST 2016

# ASX Release

## OZ Minerals secures Australia's largest undeveloped copper nickel deposit



### Highlights:

- OZ Minerals has signed a Heads of Agreement with Cassini Resources to earn up to 70 percent of the West Musgrave Project
- Includes the Nebo-Babel nickel and copper sulphide deposit, the Succoth copper deposit and other high grade targets
- \$3 million initial commitment to fund a detailed scoping study to optimise the project which already has lowest quartile C1 costs<sup>i</sup>
- Further regional exploration will leverage the \$100 million of previously completed exploration

"The West Musgrave Project is Australia's largest undeveloped copper nickel deposit," said Andrew Cole, CEO and Managing Director. "With over an estimated 200 million tonnes of resource at greater than 1.3 percent<sup>ii</sup> copper equivalent that could be mined with a shallow open pit, Nebo-Babel is pretty compelling just on its own."

"This deal is strategic because it gives us access to an exciting project and, importantly, a very significant proportion of a new mining province," said Mr Cole.

Located in central Western Australia, the West Musgrave project comprises of the Nebo-Babel nickel and copper sulphide deposit and the Succoth copper deposit. The deal commits OZ Minerals to funding a \$3 million detailed scoping study to identify an optimised pathway to commercialisation. If OZ Minerals elects to proceed, it will then commit \$15 million towards a Pre-Feasibility Study and \$4 million in further regional exploration to earn 51 percent of the project. An additional investment of \$10 million towards a Feasibility Study and another \$4 million for exploration will earn OZ Minerals a total of 70 percent.

"The significant amount of resource that we already know about is under shallow cover so we are expecting that we can establish a low cost, scalable open pit operation," said Mr Cole.

In conjunction with Cassini Resources, OZ Minerals plans to optimise the project parameters through a new infrastructure scoping study, more drilling and further metallurgical test-work. The decision to mine should dovetail into first production at Carrapateena.

"Cassini have done some great work already and I am confident that the OZ Minerals team can help forge a pathway towards commercialisation," said Mr Cole. "Our recent work at Carrapateena clearly demonstrates that a fresh set of eyes can unlock a huge amount of value."

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“We are really looking forward to working with OZ Minerals,” said Richard Bevan, Managing Director of Cassini Resources. “The West Musgrave Project has the potential to be the next frontier for base metals and we are extremely pleased to have OZ Minerals as a partner on this exciting journey.”

The Nebo-Babel deposits lie close to surface (less than 50m) and are flat, shallow dipping ore bodies, with the higher grade mineralisation occurring at the top. The deposits, discovered in 2000 by Western Mining Corporation Limited (WMC), have been subject to a significant amount of work including 307 drill holes (over 75,000m of drilling), metallurgical test work, environmental and scoping studies. An extensive regional exploration database will enable targets to be rapidly assessed and tested.

Tables 1 and 2 below sets out the estimated indicated and inferred resources for the Nebo-Babel deposits. The estimations of copper and nickel equivalences have been calculated by OZ Minerals<sup>ii</sup>.

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

Prospect	Classification	Tonnes (Mt)	NI %	Cu %	CuEq %	NiEq%
Nebo	Indicated	25.8	0.52	0.46	1.67	0.72
	Inferred	3.0	0.60	0.48	1.88	0.81
	Total	28.9	0.53	0.46	1.70	0.73
Babel	Indicated	69.7	0.39	0.42	1.33	0.57
	Inferred	104.5	0.38	0.40	1.29	0.55
	Total	174.2	0.39	0.41	1.32	0.57
Combined	Total	203.1	0.41	0.42	1.38	0.59

Succoth is a steeply dipping ore body with copper and PGE mineralisation situated just 30m below surface. The deposit is relatively well defined by 60 drill holes (29,139m of drilling), which were completed by WMC and BHP Billiton. Succoth is open along strike and at depth.

**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	0.6	31,000	0.04	0.11
Fresh	151	0.6	912,000	0.04	0.11
Total	156	0.6	943,000	0.04	0.11

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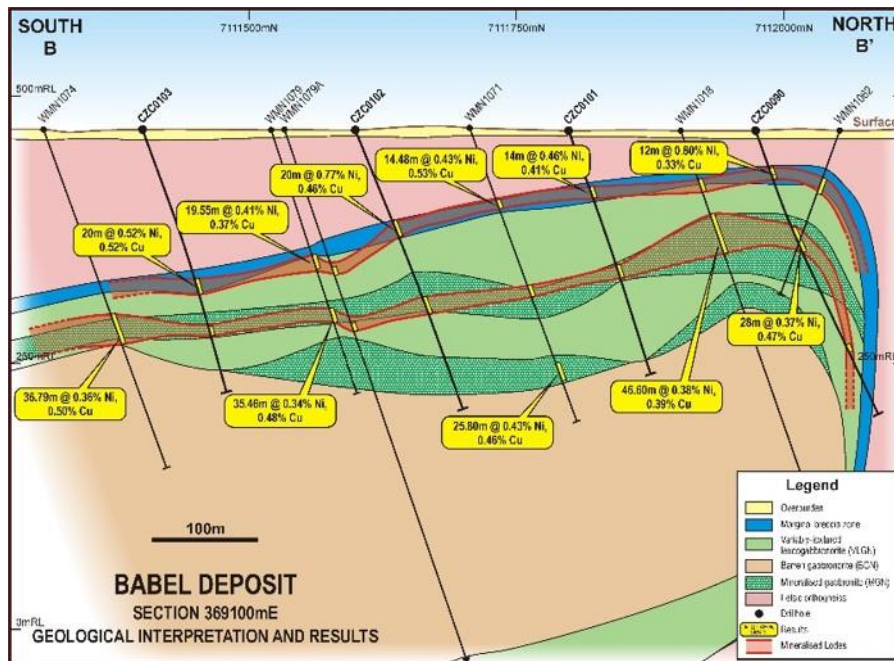
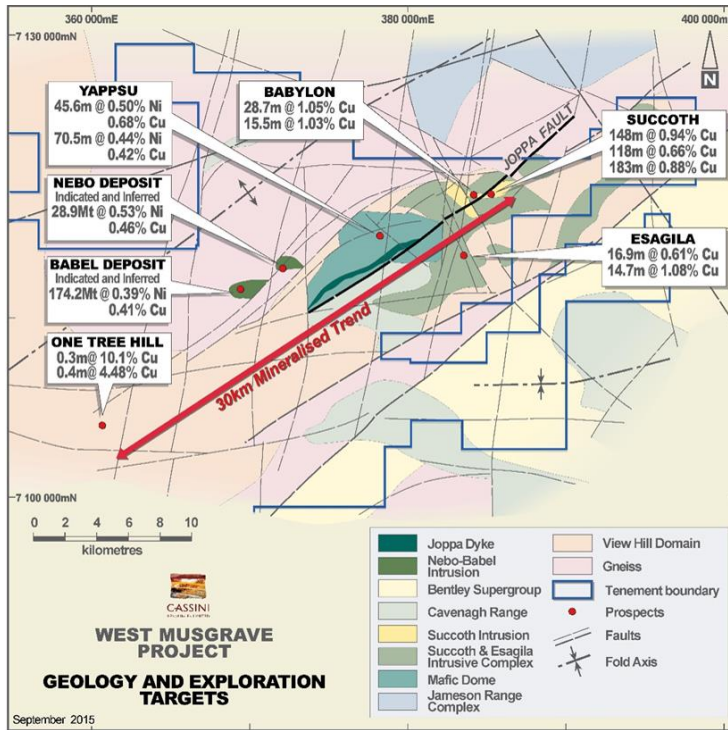
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The plan below show the location of the various deposits and other potential deposits of the West Musgrave Project<sup>iii</sup>.



<sup>i</sup> The information regarding the West Musgrave Project is extracted from Cassini Resources' ASX Release entitled 'Positive Nebo-Babel Optimisation Study Results' dated 14 April 2016 and is available at [www.cassiniresources.com.au/investor-relations/asx-announcements](http://www.cassiniresources.com.au/investor-relations/asx-announcements). The information in this report that relates to exploration results has not been compiled by OZ Mineral. The reported information has been derived from publically available information arising from exploration activity reported by Cassini Resources. OZ Minerals makes no comment or representation regarding the exploration, verification and evaluation techniques adopted in respect of the historical exploration results reported in this announcement.

<sup>ii</sup> The formulae 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

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$CuEq = Cu + Ni * (US\$8/lb * 71.7\%) / (US\$3/lb * 82.2\%)$ .

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 a copper and US\$8/lb Nickel were used in the calculation. It is Oz Mineral's belief that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. Note that the 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 Mineral's Cu assets

<sup>iii</sup> Cassini Resource Presentation '2015 Australian Nickel Conference', 8 October 2015

[www.cassiniresources.com.au/investor-relations/company-presentations](http://www.cassiniresources.com.au/investor-relations/company-presentations)