OZ's $1 billion green mine plan

CAMERON ENGLAND

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OZ Minerals says an almost billion-dollar copper and nickel project in Western Australia could be viably developed with off-grid power potentially a key part of the solution.

The Adelaide company along with Cassini Resources has released a feasibility into its West Musgrave project, saying a $995 million mine with a 26 year mine life would be viable.

With power supplies in the remote Musgrave province an issue, the company is considering a mix of renewable energy and diesel and gas, providing a "low-carbon solution.

"We are pleased the study has identified a means for us to reduce the project's carbon footprint significantly and overcome the historical challenge of affordable power for West Musgrave,'' OZ chief executive Andrew Cole said.

"We believe, supported by the views of potential renewable energy suppliers, that 70-80 per cent of the power needs for West Musgrave can be supplied by renewable sources, supplemented by battery storage and diesel or trucked gas fired generation.

"The pre-feasibility study base case assumes the power solution will be outsourced to a third party, with power purchased back over the life of the asset.''

A 50MW base case power supply is proposed using a hybrid solar-wind-battery-diesel solution, although a gas pipeline remains a secondary option.

OZ is on a path to becoming a multi-mine company, with the Musgrave project adding to its operating Prominent Hill mine in South Australia, its soon to be completed Carrapateena project also in Far North SA, and its copper assets in South America.

The West Musgrave project would generate 28,000 tonnes of copper per year and 22,000 tonnes of nickel.

“The PFS now gives the partners a solid platform for engaging with potential lenders and advisers on how best to fund and structure the project prior to moving to the next phase,’’ OZ told the ASX.

The company said as well as renewable energy, the project had been able to further reduce its carbon footprint through the use of vertical roller mills for grinding and a processing stream which allowed for a coarser grind.

“Vertical roller mills are widely used in the grinding of cement plant feeds and products, slag, coal and other industrial minerals, with thousands currently in operation worldwide,’’ OZ said.

“The mill has benefits in reducing power consumption by about 15 per cent.

“This lower power usage has resulted in a reduction in operating costs, while the use of dry grinding from the vertical roller mills has also resulted in an improvement in nickel recovery.’’

“A remote operations centre will further reduce the site environmental footprint, with fewer people on site, fewer flights and a smaller accommodation village.’’

The project, 500km west of Uluru, is expected to have a six year payback, and cost $995 million in pre-production capital, including a $115 million contingency.

“The capital cost excludes any capital associated with power generation (current estimate is circa $275 million) but does include capital for power distribution on site,’’ OZ said.

The project would be an open pit mine, with the deposits sited close to the surface.

OZ owns 70 per cent of the project. OZ shares closed 2.6 per cent higher at $10.32.