

OZ to speed up mine output

CAMERON ENGLAND



FORGING AHEAD: Staff at OZ Minerals' Carrapateena copper and gold mine in Far North South Australia.

OZ Minerals is looking to speed up the process of bringing its new Carrapateena mine to full production, aiming to lop six months off the previous schedule.

Carrapateena produced its first saleable concentrate late last year, slightly later than expected due to a wrong part being supplied by a vendor.

The processing plant has since been shut down for final testing and commissioning before handover, which managing director Andrew Cole expected would happen in the next few weeks.

OZ is now targeting hitting 4.25 million tonnes per year of ore mine over the next 12 months, cutting that target back by six months.

It then aims to further increase this to 4.7-5Mtpa by 2023. The company's Prominent Hill copper and gold mine, also in Far North South Australia, hit its guidance for the fifth year straight, and produced 109,289 tonnes of copper and

128,874 ounces of gold, both at the upper end of guidance. That mine has also had its mine life extended out to 2031, up from 2030.

"Progress was made on both the expansion studies at Carrapateena and Prominent Hill," Mr Cole said in the company's quarterly production report.

"The exploration pipeline was developed further with several new earn-in agreements in Australia and a second agreement in Sweden as well as two highly prospective projects in the Carajás, Brazil, which are part of the Vale agreements.

"We also exited earn-in agreements at Punt Hill in South Australia and Oaxaca in Mexico. Over the past five years the team has created a multi-asset company with significant growth potential in existing provinces and beyond.

"In 2020 our efforts will be directed on delivering and further embedding the operational rhythm of our major projects, a safe and environmentally sustainable performance, and on our innovative culture which we consider to be a competitive advantage."

While OZ had a closing cash balance at the end of December it has flagged that it expects to dip into its available debt facilities during the year.

Mr Cole said he expected the plant handover at Carrapateena to happen in the next few weeks, with first concentrate sales later in the quarter.

"We're going to wait until we have enough run-of-mine material on the ground to really campaign run the plant hard and build a good-sized parcel to sell," he said.

The big project the company was running at Prominent Hill this year is to look at whether it made sense to expand the underground processing to more than 4Mtpa and put a shaft in to haul ore to surface rather than truck it surface as currently happens.

Mr Cole said the company sold its concentrate all over the world and was not highly exposed to any issues with Chinese trade which might eventuate from the Coronavirus outbreak.

RBC Capital Markets mining analyst Paul Hissey said in a note to clients it was, "A strong end to 2019 for OZ meeting production guidance and exceeding cost guidance for the year. Guidance for 2020, however, appears softer.

"In our view, the next 12 month ramp-up is critical for OZ, particularly given the significance of Carrapateena to group valuation."

OZ Minerals shares closed 28c higher at \$10.06.