

# Brazil a copper sweet spot for OZ Minerals

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INTERNATIONAL AMBITIONS: SA miner OZ Minerals' Pedra Branca deposit in Brazil.

THERE are some unique aspects to the mining sector in Brazil that led South Australian mining company OZ Minerals to select it for its first major international foray.

OZ is well on the way to becoming a mid-tier miner with a diversity of assets. Starting with a revenue base from its Prominent Hill copper and gold operations in the state's Far North, the company has in recent years added the Carrapateena project, which is in the final stages of its \$1 billion construction phase, has its

West Musgrave project in eastern WA approaching an investment decision, and has a market cap about \$2.75 billion.

But the company also has international ambitions, with managing director Andrew Cole saying that the gap between the large mining companies in Brazil, such as Vale, and small private operators, meant there was an opportunity for a mid-tier miner to step in and invest in valuable assets.

OZ's Brazilian assets include the high-grade Antas open-pit operation, which started production in 2016, the Pedra Branca deposit, and Centrogold, "considered to be one of the largest undeveloped gold projects in Brazil" the company says. Mr Cole said the starting point for investing in the Carajas region of Brazil was that the company firmly believed copper would remain in high demand.

"It's a future metal; whether you're industrialising, investing in renewable energy, or if you want to reduce carbon emissions, you have to have copper," he said.

"If you talk to an exploration geologist, they will tell you that the Carajas is one of the world's pre-eminent districts for hosting copper mineralisation."

However, Brazil was historically largely off limits to private companies because of the dominance of formerly government owned Vale.

Mr Cole said the mineralisation and processing methods in the Carajas region were similar to those at its Australian operations, meaning there would be an ability to transfer skills and methods.

Rather than attempt large asset buys, the company preferred to look for tier two, high-grade, mid-sized deposits.

"They generally are a bit too small for the majors, generally a bit too big for exploration companies, so the number of companies looking for these types of assets is only a handful worldwide," Mr Cole said.

The strategy in Brazil will be to use Antas as a central processing hub, to allow the lowcost development of the other assets that will range in mine life from four to five to 20 years. "We've now got the second-highest land holding in the Carajas outside of Vale," Mr Cole said. "Our strategy is to use a central processing hub... and we will truck high-grade ore from these satellite mining operations."

OZ shares closed at \$8.51 yesterday, off a 12-month high of \$11.72 in December.