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## OZ Minerals consolidates Carrapateena district

- Expansion of Carrapateena district with addition of Punt Hill project
- Targets have similar geophysical characteristics to Carrapateena deposit
- Leverages OZ Minerals' track record in IOCG exploration and Carrapateena mine infrastructure

OZ Minerals has entered into a new exploration earn-in agreement to explore for Iron Oxide Copper Gold (IOCG) with Red Metal Limited (ASX:RDM) near its Carrapateena project north of Port Augusta in South Australia.

Red Metal is an ASX-listed Australian mineral explorer with exploration experience in some of Australia's most productive mineral provinces. The Punt Hill project is located on the Stuart Shelf in the Gawler Craton approximately 50km south of Carrapateena.

OZ Minerals now holds over 4,400km<sup>2</sup> of licenses in the Carrapateena district with at least six new untested IOCG targets immediately south of the Carrapateena – Fremantle Doctor – Khamsin complex.

"We have been actively exploring the Gawler Craton's potential for regional development as it hosts some of the largest IOCG deposits in the world and is highly prospective for additional resources," said OZ Minerals' Managing Director and Chief Executive Officer, Andrew Cole.

"The Carrapateena project was the first stage of our work in the region. We know that there is a big footprint of mineralisation there that has not been included in the scope of our existing project. Punt Hill further demonstrates that we're operating in the right pedigree of districts.

"Previous work on Punt Hill uncovered many examples of IOCG mineralisation. The prospects at Punt Hill have a number of geophysical similarities to the deposits at Carrapateena, containing a magnetic anomaly within a larger strong gravity response, a common feature of breccia complexes.

"Punt Hill's proximity to Carrapateena, our copper gold mine currently in development, opens up potential opportunities to leverage Carrapateena mine infrastructure and it further consolidates our presence in this highly prospective region."

The new prospects at Punt Hill include a number of untested coincident gravity and magnetic anomalies that lie on the intersection of two large structures.

Subject to local level agreements being finalised, OZ Minerals will fund 6,000 metres of drilling to test six targets, estimated to cost A\$2.4 million. Drilling is expected to take place in the second half of 2018.

OZ Minerals can elect to earn 51% equity in the project by achieving a total spend of A\$4 million on exploration activity within 18 months. An additional A\$5 million spend on further exploration and drilling will secure 70% equity in the project within the following two years. Red Metal’s subsequent share of expenditure up until a decision to mine will be funded by OZ Minerals and treated as a loan repayable from Red Metal’s share of future production. The loan amount will bear interest at LIBOR plus 2% per annum.

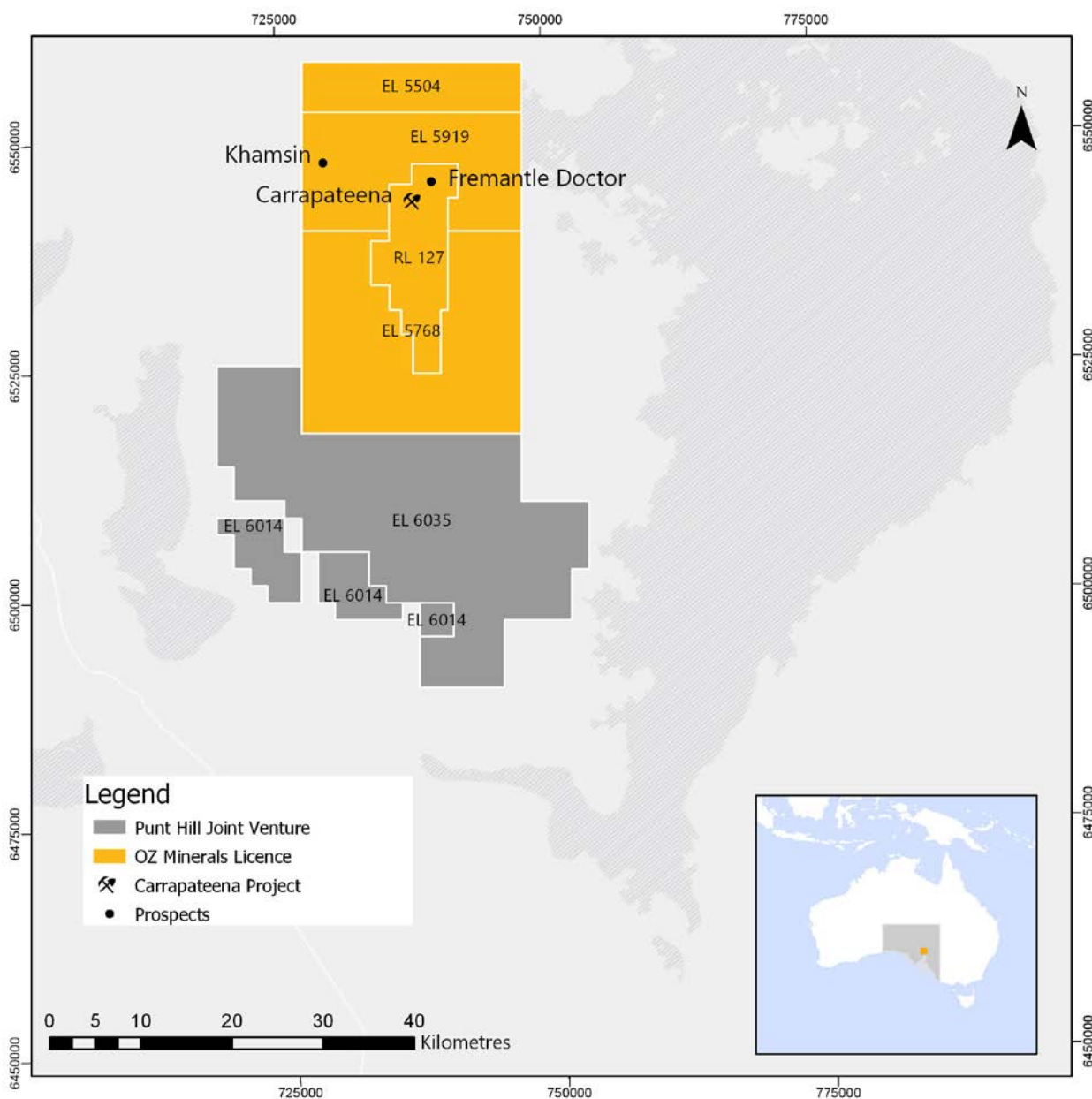


Figure 1: Location of Red Metal tenements

## **Approach to joint ventures**

Over the past two years, OZ Minerals has put in place seven separate exploration earn-in agreements with highly regarded explorers. These provide OZ Minerals with exploration expertise in specific geologies and locations. Our earn-in partners in turn access capital to undertake drilling programs. OZ Minerals typically works with the earn-in partners to oversee projects while they manage on-the-ground activities. OZ Minerals' growth strategy involves building a pipeline of opportunities and rigorously progressing these. In line with our capital discipline strategy, if at any time it is determined that a project does not have the potential to generate substantial value, OZ Minerals will cease expenditure and withdraw from the arrangement.

## **Red Metals Ltd**

RED METAL LIMITED is an ASX listed Australian mineral explorer, combining proven exploration experience with a focused base metal strategy over exploration tenements covering more than 17,000 sq km in Australia's most productive mineral provinces.

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