

HD Australia miner Oz says **copper** find could reap **billions** in revenue

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SYDNEY, Aug 18 (Reuters) - Oz Minerals Ltd said on Monday a **copper** and **gold** mine it wants to develop in Australia could generate A\$22.1 **billion** (\$20.58 **billion**) in revenue over more than 20 years but will require a partner to proceed.

The **company**'s projections, based on a target of 114,000 tonnes of **copper** and 117,000 tonnes of **gold** a year coming out of the **company**'s Carrapateena project, drove Oz Minerals shares 3 percent higher to A\$4.40.

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Copper mining is one of few sectors investors appear willing to risk capital in developing as commodities markets in general cool in step with slowing growth in **China**.

Morgan Stanley forecasts a supply surplus of **copper** concentrate will shrink to around 87,000 tonnes by 2018 from 580,000 this year.

BHP Billiton, the world's biggest diversified **mining** house, includes **copper** as one of its "pillars of growth" and owns a majority **stake** in the world's biggest **copper** mine in Chile.

Rio Tinto is investing heavily in Mongolian **copper mining** through its 51 percent **stake** in Canada's Turquoise Hill Resources, while **China**'s MMG Ltd and its partners have paid \$7 **billion** for the Las Bambas **copper** project in Peru.

Oz Minerals, capitalised at A\$1.34 **billion**, has been looking for partners to help shoulder the A\$2.985 **billion** it forecasts will cost to get the mine up and running later this decade. The deposit is located 100 kms (62 miles) from the BHP-owned Olympic Dam mine, another giant **copper** mine.

"We have reviewed in detail numerous **copper-gold** projects around the world over the past five years and there are very few like Carrapateena which offer the potential of multi-decade production at low operating costs," said Oz Minerals Managing Director Terry Burgess.

OZ Minerals has put a net present value on the project of A\$1.15 **billion** based on a pre-feasibility study, higher than previous estimates by analysts of around A\$500 **million**.

"It doesn't have a great return, it only has an internal rate of return at 13 percent, with a very very big price tag of A\$3 **billion** so I think they'll be quite challenged to find anybody that's prepared to buy into the project at that kind of the price," said Brenton Saunders, a portfolio manager with BT Investment Management.

"So to come out and say it's now worth A\$1.1 **billion** is quite a big difference so I guess the market is reacting to that," Saunders said.

It is unlikely that OZ Minerals will have the financial capacity to bear all of the cost and project risk.

A sell-down of its interest through a joint venture could form part of the funding mix, the **company** said. (1 US dollar = 1.0738 Australian dollar) (Reporting by James Regan and Thuy Ong; Editing by Muralikumar Anantharaman)

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