

QUARTERLY REPORT

FOR THE THREE MONTHS
ENDING 31 DECEMBER 2011



PROMINENT HILL CONTAINED METAL PRODUCTION	DECEMBER 2011 QUARTER	YEAR TO DATE 2011
TOTAL COPPER (TONNES)	26,802	107,744
TOTAL GOLD (OUNCES)	37,814	160,007
C1 CASH COSTS	US84.2c/lb	US70.4c/lb

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- Strong operational performance sees 2011 copper and gold production and costs in line with guidance.
- Ankata underground mine development on schedule for first ore production from stoping in Q1 2012.
- Significant exploration program to continue at Prominent Hill in 2012 with \$70 million expenditure planned.
- Exploration drilling and studies underway at Carrapateena. First results due early February.
- On-market share buy-back 50% complete at sub-market Volume Weighted Average Price.

A handwritten signature in black ink, appearing to read 'Terry Burgess', written over a light grey rectangular background.

Terry Burgess
Managing Director and Chief Executive Officer
18 January 2012

**OZ MINERALS QUARTERLY ACTIVITIES TO
31 DECEMBER 2011****SAFETY**

Safety performance in 2011 saw a significant improvement on 2010. Statistics included a reduction in the number of lost time injuries from 12 to 5, the lost time injury frequency rate decreased from 4.38 to 1.50 and the total recordable injury frequency rate per one million hours decreased from 21.92 in 2010 to 18.24. There were no permanent or disabling injuries for the year.

In the December quarter, there was one lost time injury which was a restricted work injury following a fall that was upgraded to a lost time injury in December.

The major improvement program to address safety performance that commenced in late 2010 continued during the quarter, with peer-on-peer behavioural safety observation training underway.

OPERATIONS**PROMINENT HILL**

The Prominent Hill operation continued to demonstrate sound performance in 2011 with the plant continuing to routinely achieve more than 25% above design capacity. Copper production of 107,744t and gold production of 160,007oz were in line with guidance of 100,000t to 110,000t of copper and 150,000oz to 160,000oz of gold.

C1 cash costs were also in-line with guidance of <US70c/lb at US70.4c/lb. Costs measured in A\$ per tonne (which excludes the effect of by-product credits and translation to US\$) were \$A35.50 per tonne milled, demonstrating good cost control throughout the year's operations.

In 2012, copper production guidance for the year has been maintained at 100,000t to 110,000t, with gold production expected to be between 130,000oz and 150,000oz.

Cash costs in 2012 will be impacted mainly by the higher costs associated with underground mining and also by higher mining rates associated with the cut-back to the north wall of the Malu pit, higher transport costs, higher unit labour costs associated with roster changes and reduced gold by-product credits. Costs are expected to increase progressively throughout the year as underground mining activity increases, averaging US100c/lb to US110c/lb (based on consensus commodity and FX assumptions and

subject to the US\$ gold price and A\$/US\$ exchange rate).

TABLE 1
PROMINENT HILL PRODUCTION STATISTICS

		SEP QTR '11	DEC QTR '11	FY 2011
MINED	ORE (TONNES)	2,807,269	2,212,157	11,333,854
	WASTE (TONNES)	14,220,747	14,266,345	57,683,667
MINED GRADE	COPPER (%)	1.15	1.28	1.14
	GOLD (G/T)	0.47	0.47	0.51
	SILVER (G/T)	2.72	3.18	2.62
ORE MILLED	(TONNES)	2,484,882	2,442,800	9,891,819
MILLED GRADE	COPPER (%)	1.21	1.22	1.20
	GOLD (G/T)	0.58	0.61	0.65
	SILVER (G/T)	2.65	3.03	2.52
RECOVERY	COPPER (%)	90.8	89.9	90.5
	GOLD (%)	78.2	78.6	78.0
	SILVER (%)	79.1	71.0	76.4
COPPER CONCENTRATE PRODUCED	TONNES	49,804	53,163	204,225
CONCENTRATE GRADE	COPPER (%)	54.6	50.4	52.8
	GOLD (G/T)	22.5	22.1	24.4
	SILVER (G/T)	104.7	98.7	93.3
CONTAINED METAL IN CONCENTRATES	COPPER (TONNES)	27,217	26,802	107,744
	GOLD (OZ)	36,064	37,814	160,007
	SILVER (OZ)	167,620	168,782	612,903
TOTAL CONCENTRATE SOLD	(DM TONNES)	41,056	56,396	208,510
PAYABLE METAL IN CONCENTRATES SOLD	COPPER (TONNES)	21,714	28,206	104,905
	GOLD (OZ)	31,314	43,436	178,421
	SILVER (OZ)	123,543	161,421	515,011

Any variation in sales figures from previous quarters reflect final reconciliation with smelters.

Mining

Over 2011, mining was focussed on all stages of the open pit and by the end of 2011 Stage 3 of the pit had been developed into ore. In addition, following extensive geotechnical investigation and

optimisation, a pit wall cutback was commenced which will see reduced slope angles for the north wall of the Malu Pit.

A diagram showing the current pit mining level can be seen on slide 10 of the accompanying presentation.

In 2012, mining of Stage 2 will be completed and will continue in Stages 3 and 4. All overburden mining (the top 100 metres of cover) will also be completed during 2012.

During the December quarter, material mined was lower due to changes to the mine plan to allow concurrent excavation of the permanent underground portal and major service maintenance on the excavator fleet. However, ore mining was as planned, with 2.2Mt mined for the quarter.

Over 2011, 8.7Mt of copper ore and 2.6Mt of gold ore was mined.

At the end of the year, there was 2.8Mt of copper ore and 6.7Mt of gold ore on the stockpiles.

Processing

Throughout 2011, plant performance at Prominent Hill was excellent with 9.9 Mt milled for the year – averaging 24 percent above design capacity.

Some 107,744t of copper and 160,007oz of gold contained in concentrate was produced in 2011. The average feed grade treated was 1.2 percent copper.

Continuous improvement projects included upgrading the flotation cells and reagents, which enabled recoveries to be sustained above 90 percent for copper and at 78 percent for gold – significantly above initial predictions.

Underground development

Development of an underground mine at Prominent Hill – to access the higher grade Ankata deposit – commenced in November 2010. The access decline reached the Ankata orebody in August 2011 and the first development ore was successfully hauled to surface in September 2011. The operation is on schedule to produce stoping ore in the first quarter of 2012 and will then ramp up to the full production rate of 1.2 million tonnes per annum in the third quarter of 2012. The underground mine is expected to contribute 0.8 to 1.0Mt of ore in the 2012 ramp-up year. The average grade of the Ankata ore to be mined in 2012 is expected to be in the range of 2.3 to 2.8 percent copper.

Along with continued mine development, the focus for the underground mine in the December quarter was the development and completion of the final access portal (to replace the temporary portal) and final preparations and commissioning of the two ventilation shafts. The final portal and the first ventilation shaft were completed in 2011, with the second shaft progressing on schedule.

Grade control drilling of the Ankata orebody commenced in December.

Costs

C1 cash costs of production for the quarter were US\$84.2c/lb, which was higher than the previous quarter mainly due to higher mining costs, higher maintenance costs in processing and other direct cash costs (primarily for roads) partially offset by higher gold by-product credits and a weaker Australian dollar exchange rate.

Ore mined was lower than the previous quarter and saw a higher strip ratio (above the life of mine strip ratio) and deferral of mining costs.

Ore mined was lower than milled in the quarter resulting in decreased ore stockpiles however the increase in mining costs across the quarter has resulted in a higher allocation of costs to ore stockpiles thus reflecting a positive ore inventory adjustment.

TABLE 2
PROMINENT HILL COSTS (US CENTS PER LB)

	SEP QTR '11	DEC QTR '11	FY 2011
MINING COSTS	116.7	129.3	114.1
DEFERRED MINING	1.9	-16.0	-2.6
ORE INVENTORY ADJ	-24.7	-8.9	-17.3
TOTAL MINING COSTS	93.9	104.4	94.2
TOTAL SITE PROCESSING COSTS	46.2	47.2	43.7
TC AND TRANSPORT	26.2	28.2	26.9
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	-111.1	-115.4	-112.8
OTHER DIRECT CASH COSTS	16.6	19.8	18.4
TOTAL C1 COSTS	71.8	84.2	70.4
ROYALTIES	7.5	4.4	6.8
OTHER INDIRECT COSTS	27.0	30.6	27.0
TOTAL CASH COSTS	106.2	119.2	104.2
D&A	71.3	64.6	71.2
OTHER NON CASH COSTS	-2.3	0.9	-3.3
TOTAL PRODUCTION COSTS	175.2	184.7	172.1

Train Derailment

On 27 December 2011, a mixed freight rail train operated by Genesee & Wyoming was derailed in a flood event at Edith River, 50 kilometres north of Katherine, Northern Territory and a number of wagons carrying kibbles of Prominent Hill copper concentrates were swept off the bridge.

The recovery process is well underway. Almost all the kibbles have been recovered and much of the copper concentrates and copper concentrates contaminated with sand have been returned to Prominent Hill.

OZ Minerals has worked closely with Genesee & Wyoming, regulators, community representatives and other stakeholders during the period since the derailment. Various regulators have commenced official investigations into the derailment and therefore it is inappropriate to comment further on the specifics of the incident.

OZ Minerals has been in discussion with various third parties in relation to the loss and associated costs. These discussions are ongoing and the outcome will be announced on completion. It is not expected at this early stage that the loss will be financially material.

Concentrate shipments from Port Adelaide will commence in Q1 2012 as a second export point which has been planned for some time. Pending shipments will be undertaken using the recently arrived dedicated containers and offloaded using the rotainer device, which is now operational at the port. By the end of March, it is expected that all concentrates shipments for Q1 2012 will in line with plan.

Shipments out of Darwin will resume, in addition to the Adelaide shipments, when the rail line and bridge is safely restored, required modifications are made to accommodate the rotainer device in Darwin Port and the core cyclone season is over. This is expected to be towards the end of the current quarter.

EXPLORATION

PROMINENT HILL

2011 Resource and Reserve Update

On 16 December 2011, OZ Minerals released its Prominent Hill 2011 Annual Mineral Resource and Ore Reserve Statement.

The Mineral Resource changed from 285Mt at 0.9% copper, 0.8 g/t gold for 2,542kt copper and 7.2 million ounces of gold in 2010 to 272.7Mt at 0.98% copper, 0.7g/t gold for 2,678kt copper (or 5.9 billion pounds of copper) and 6.3 million ounces of gold.

Most of the drilling since the previous year's Statement was undertaken in the Kalaya Zone, the area between the existing Malu open pit and the Ankata underground mine to the west. An initial Resource for the Kalaya Zone, which now also includes the Munda zone, of 51.7Mt at 0.98% copper and 0.4g/t gold for 507kt of copper and 0.7Moz of gold was included in the report. This compares to 22.9Mt at 0.89% copper from the Munda Zone alone in 2010.

The drilling cut-off date for the Statement was 30 June 2011 and as such, subsequently reported results were not included.

Ore Reserves decreased in tonnage and grade from the 2010 estimate of 75Mt at 1.21% copper, 0.67g/t gold for 905kt copper and 1.6Moz gold to 72.3Mt at 1.13% copper and 0.64g/t gold for 818kt copper (or 1.8 billion pounds copper) and 1.5Moz gold. Copper and gold in Reserves decreased mainly due to mining depletion.

For the full details of the Prominent Hill Mineral Resource and ore Reserve Statement go to <http://www.ozminerals.com/Operations/Resources--Reserves.html>.

Near Mine Exploration

Two underground rigs continued to test the Kalaya zone (including the former Munda Zone) from the stockpile bays on the Ankata decline. A total of 3,168 metres were drilled during the quarter. Significant intersections from this program include:

PH11RD5002

10 metres @ 6.5g/t Au from 330 metres

PH11E5004

3 metres @ 26.0g/t Au from 334 metres

PH11E5099

27 metres @ 1.0g/t Au from 283 metres

Two additional underground rigs were mobilised to site in October to undertake resource delineation and grade control drilling of the Ankata Resource. A total of 5,371 metres were completed during the quarter. Significant intersections from this program

which confirm the nature and style of mineralisation within the Ankata Resource include:

PH11RD5133

30 metres @ 6.63% Cu and 0.3g/t Au from 151 metres

PH11RD5136

24 metres @ 4.95% Cu and 0.4g/t Au from 150 metres

PH11RD5150

52 metres @ 2.34% Cu and 0.8g/t Au from 106 metres

PH11RD5153

32 metres @ 5.68% Cu and 0.4g/t Au from 152 metres

PH11RD5152

24 metres @ 4.0g/t Au from 42 metres

The significant results are shown on slide 10 of the accompanying presentation.

Development of the Malu exploration decline back towards the east to provide drilling access beneath the open pit reached 216 metres by the end of the year. Exploration drilling from the decline beneath the pit is expected to commence in the second half of 2012.

Surface diamond drilling with three to four rigs continued within the mining lease area. These holes tested geophysical, geological and structural targets away from the Malu, Kalaya and Ankata deposits. Twenty holes for 12,900 metres were completed. No significant assay results have been received to date for drilling in the December quarter with results awaited for several holes.

Significant results received from the Kalaya drilling completed from surface in the previous quarter included:

PH11D590

59 metres at 1.42% copper from 498 metres
18 metres at 1.87g/t gold from 988 metres
20 metres at 1.66% copper and 0.99g/t gold from 1,066 metres

PH11D591

4 metres at 1.55% copper from 1,168 metres

Regional Exploration

The regional exploration program continued with two to three diamond rigs drilling at Umbriel, Cressida, Epsilon, Balta Baltana, Onassis, Manxman

West and Saturn. The prospect locations are shown on slide 14 of the accompanying presentation. Seventeen holes for 9,560 metres were completed. All holes tested geophysical and geological targets and assay data are awaited.

Drilling in Q3 at Halifax Hill returned some interesting copper mineralisation which will be followed up. Results included:

48 metres at 0.26% copper from 451 metres

16 metres at 0.35% copper from 509 metres including 2.9 metres at 1.27% copper.

Geophysical surveys (ground gravity, induced polarisation (IP) and electromagnetic (EM)) continued during the quarter. Slide 12 shows the distribution of all surveys undertaken during calendar 2011. Assessment of the Q4 data is in progress.

IMX Joint Venture

During the quarter four holes were drilled on the IMX joint venture ground to test anomalies at Black Hills South, Eccles and Aquila.

Minor sulphides intersected at Black Hills South explained the geophysical anomaly and magnetite intersected in the Eccles prospect explained the magnetic anomaly there.

Ground gravity was undertaken across the Southern Domain area.

REGIONAL EXPLORATION

Cambodia

Following completion of an infill drilling program at the Okvau project, modelling of a revised resource was initiated. A review of the Cambodian assets will be concluded on receipt and analysis of this information.

EXPLORATION BUDGET 2012

In 2012 expenditure on exploration at Prominent Hill is expected to be \$70 million with \$41 million on near mine exploration (of which approximately \$6 million is likely to be capitalised and which includes completion of the exploration decline) and \$28 million on regional exploration including the IMX joint venture.

Exploration expenditure for the Carrapateena project for 2012 is expected to be \$29 million.

Expenditure on global regional exploration in 2012 is expected to be approximately \$7 million.

CARRAPATEENA

Exploration

The exploration program at Carrapateena continued to progress well with drilling commencing in October.

To date, two holes for 3,668 metres have been completed with two further holes in progress. The first hole targeted part of the inferred resource and potential extensions and the second hole targeted the exploration area to the north of the deposit. Results are expected to be returned in early February.

The current exploration program is mainly to test the northern portion of the Carrapateena deposit with the aim of bringing it into the inferred resource category. As previously reported, this area is considered to have the potential to host a further 25Mt to 45Mt. Some infill and extension testing of the inferred resource area to the south will also be completed.

Infrastructure and studies

The exploration camp, including accommodation, office buildings, IT and communications was completed in January.

Investigations into the design, development and costing of a potential exploration shaft were advanced and discussions with regulators for permitting commenced.

Scoping studies for mining options, mining infrastructure (ventilation, materials handling and long-term access), site power supply and water supply were advanced during the quarter. Metallurgical studies were also commenced.

Expenditure for the Carrapateena project for 2012 is expected to be \$60 million. This includes exploration but excludes any potential expenditure on an exploration shaft which is currently under consideration.

COMMODITIES MARKETS

The declining trend in the copper price experienced since mid-2011 halted in the final months of 2011 increasing 6% to close the year at US\$3.43/lb. The average copper price for 2011 was US\$4.00/lb.

For much of the year, commodity markets tended to react to wider macroeconomic concerns including

the European debt situation and a potential slowdown in Chinese growth. Some support was provided to the price by labour strikes at copper mines in South America and Indonesia.

The market for copper concentrates remained tight due to supply disruptions during the quarter. Spot treatment charges and refining charges (TC/RCs) for copper concentrate were reported around the US\$20-30/t and 2-3c/lb levels in the December quarter.

OZ Minerals agrees its TC/RCs with its customers annually based on industry benchmarks set by major miners. Annual negotiations by these miners are ongoing but it is understood that some contracts have been settled around a TC/RC of US\$63.50/t and US6.35c/lb for 2012.

Gold and silver prices remained buoyant in the uncertain economic conditions and finished the year at US\$1,575/oz and US\$28/oz respectively. The average gold and silver prices for the quarter and the year were US\$1,686/oz gold and US\$32/oz silver and US\$1,569/oz gold and US\$35/oz silver.

Sales of Prominent Hill concentrates for the quarter were 56,396t containing 28,999t copper and 44,627oz gold. All planned shipments for 2011 had been completed before the freight train derailment.

PROVISIONAL PRICING

At 31 December, a total of 23,085 tonnes of payable copper has been sold and provisionally priced. This will be finally priced in the first quarter of 2012. Concentrate sales are priced evenly throughout the year and realise the average LME price over the month of sale.

CORPORATE

OZ Minerals commenced its on-market share buy-back program on 17 August 2011. By 12 January 2012 the Company had bought back 9,505,664 shares between a daily range of \$8.93 and \$11.99, at an average price of \$10.51 representing \$99.9 million. The designated amount for the buy-back program is up to \$200 million and will end no later than 16 August 2012.

As part of simplification of the Company's legacy structures, the Group has cancelled \$2.56 billion of issued share capital against carry forward losses. This has no effect on the Company's net and total shareholder equity, which remains unaltered. This was undertaken pursuant to Section 258F of the Corporations Act.

SHARE REGISTRY

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CORPORATE INFORMATION

ISSUED SHARE CAPITAL AT 17 JANUARY 2012

ORDINARY SHARES	314,371,850
UNLISTED OPTIONS	100,000

SHARE PRICE ACTIVITY FOR THE DECEMBER QUARTER (CLOSING PRICE)

HIGH \$11.96

LOW \$8.90

LAST \$10.69 (17 JANUARY 2012)

AVERAGE DAILY VOLUME 2.1 MILLION SHARES

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INFORMATION IN THIS REPORT WHICH REFERS TO PROMINENT HILL MINERAL RESOURCES IS A SUMMARY OF INFORMATION RELATING TO MINERAL RESOURCES SET OUT IN THE PROMINENT HILL MINERAL RESOURCES AND ORE RESERVES STATEMENT AS AT 30 JUNE 2011. THIS INFORMATION HAS BEEN COMPILED BY JOHN PENHALL AND BRUCE WHITTAKER WHO ARE BOTH FULL TIME EMPLOYEES OF OZ MINERALS AND MEMBERS OF AUSTRALASIAN INSTITUTE OF MINING AND METALLURGY (AUSIMM). THIS INFORMATION HAS BEEN APPROVED FOR RELEASE IN THE FORM AND CONTEXT IN WHICH IT APPEARS BY MR JIM HODGKISON WHO IS A FULL TIME EMPLOYEE OF OZ MINERALS AND HAS SUFFICIENT EXPERIENCE WHICH IS RELEVANT TO THE STYLE OF MINERALISATION AND TYPE OF DEPOSIT UNDER CONSIDERATION AND TO THE ACTIVITY UNDERTAKEN TO QUALIFY AS A COMPETENT PERSON AS DEFINED IN THE 2004 EDITION OF THE 'AUSTRALASIAN CODE FOR REPORTING OF EXPLORATION RESULTS, MINERAL RESOURCES AND ORE RESERVES.

INFORMATION IN THIS ANNOUNCEMENT WHICH REFERS TO PROMINENT HILL ORE RESERVES IS A SUMMARY OF INFORMATION RELATING TO ORE RESERVES SET OUT IN THE PROMINENT HILL MINERAL RESOURCES AND ORE RESERVES STATEMENT AS AT 30 JUNE 2011. THIS INFORMATION HAS BEEN APPROVED FOR RELEASE IN THE FORM AND CONTEXT IN WHICH IT APPEARS BY MR JUSTIN TAYLOR WHO IS A FULL TIME EMPLOYEE OF OZ MINERALS AND HAS SUFFICIENT EXPERIENCE WHICH IS RELEVANT TO THE STYLE OF MINERALISATION AND TYPE OF DEPOSIT UNDER CONSIDERATION AND TO THE ACTIVITY UNDERTAKEN TO QUALIFY AS A COMPETENT PERSON AS DEFINED IN THE 2004 EDITION OF THE 'AUSTRALASIAN CODE FOR REPORTING OF EXPLORATION RESULTS, MINERAL RESOURCES AND ORE RESERVES. WITHIN THIS STATEMENT (OR PRESENTATION) REFERENCES TO EXPLORATION RESULTS RELATING TO PROMINENT HILL ARE BASED ON INFORMATION COMPILED BY MR MARCEL VAN ECK MSC WHO IS A FULL-TIME EMPLOYEE OF OZ MINERALS, IS A MEMBER OF THE AUSTRALIAN INSTITUTE OF GEOSCIENTISTS AND HAS SUFFICIENT EXPERIENCE RELEVANT TO THE STYLE OF MINERALISATION AND TYPE OF DEPOSIT UNDER CONSIDERATION AND TO THE ACTIVITIES UNDERTAKEN TO QUALIFY AS A COMPETENT PERSON AS DEFINED BY THE JORC CODE (2004). MR VAN ECK HAS CONSENTED TO THE INCLUSION OF THE MATERIAL IN THE FORM AND CONTEXT IN WHICH IT APPEARS.

ALL OTHER REFERENCES TO EXPLORATION RESULTS WITHIN THIS PRESENTATION/STATEMENT ARE BASED ON INFORMATION COMPILED BY MR A HOUSTON BSC WHO IS A FULL-TIME EMPLOYEE OF OZ MINERALS, IS A MEMBER OF THE AUSTRALIAN INSTITUTE OF GEOSCIENTISTS AND HAS SUFFICIENT EXPERIENCE RELEVANT TO THE STYLE OF MINERALISATION AND TYPE OF DEPOSIT UNDER CONSIDERATION AND TO THE ACTIVITIES UNDERTAKEN TO QUALIFY AS A COMPETENT PERSON AS DEFINED BY THE JORC CODE (2004). MR HOUSTON HAS CONSENTED TO THE INCLUSION OF THE MATERIAL IN THE FORM AND CONTEXT IN WHICH IT APPEARS.

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