

10 DECEMBER 2008

ASX Release

Update

There have been further developments relevant to OZ Minerals' refinancing negotiations since the Company's last announcement to the market on 4 December 2008.



Investment and asset sale proposals

OZ Minerals has been approached by a number of credible parties – including corporate and financial investors – in respect of several of its assets, and the Company is actively pursuing these options.

The Company has had a number of serious expressions of interest to acquire the Martabe project and in respect of joint venture arrangements for Prominent Hill. Each of these parties has executed Confidentiality Agreements and all parties are at various stages of due diligence.

Based on confidential and incomplete negotiations, OZ Minerals is positive about the potential for the negotiations to lead to commercially acceptable offers being made. However, OZ Minerals cannot predict if or when any of these expressions of interest may lead to a firm proposal being put to the Company.

Financing Facilities

In its announcement of 4 December 2008, the Company referred to its four financing facilities, describing them as Facilities A, B, C and D. Developments in respect of each of these Facilities are outlined below.

Facilities A and B

Facility A is drawn to US\$420 million and has contingent liabilities in the form of a letter of credit tranche of A\$25 million which is drawn to A\$15 million. This is due to be refinanced by 29 December 2008. OZ Minerals has an option to extend the date by which Facility A must be refinanced to 31 January 2009, subject to certain conditions being satisfied. NB: Facility A was incorrectly reported as having a limit of US\$525 million in the Company's announcement of 4 December.

Facility B is drawn to US\$140 million and is due to be refinanced by 29 December 2008. OZ Minerals has an option to extend the date by which Facility B must be refinanced to 31 January 2009, subject to certain conditions being satisfied.

The Company had been negotiating with its existing banks and prospective new lenders with the objective of completing the refinancing of Facilities A and B by 29 December 2008. One of the prospective new lenders has advised OZ Minerals that it no longer wishes to participate in the refinancing and will therefore not be proceeding to seek credit approval.

While OZ Minerals will continue to work towards completing the refinancing negotiations as soon as possible, the Company advises that, in light of the above, completion by 29 December is now highly unlikely.

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OZ Minerals has the option to extend its refinancing date to 31 January 2009, subject to the satisfaction of certain conditions. Although OZ Minerals continues to use its best endeavours to satisfy those conditions the risk of the Company not being able to satisfy the conditions has increased.

The Company is in continuing dialogue with the existing banks about the possibility of these conditions being varied and / or the timeframe being extended, and believes there is a reasonable prospect of achieving such an outcome.

Facility C

Facility C has a limit of A\$250 million and comprises a cash advance tranche and contingent liabilities in the form of a letter of credit tranche. The facility, which is provided by Societe Generale, is currently drawn to A\$85.8 million in respect of cash advances and A\$70 million and C\$27 million in respect of letters of credit. On 9 December 2008, the Company received a letter from Societe Generale alleging that the Company was in default of the terms of Facility C.

The scheduled repayment date for Facility C is 31 December 2008.

OZ Minerals has not accepted Societe Generale's allegation of default in view of prior statements made by Societe Generale and is now in discussions with Societe Generale to seek a mutually agreeable solution to this issue.

Facility D

Facility D is a project finance facility in respect of the Company's Sepon operation in Laos. It has a limit of US\$77 million and is fully-drawn. Facility D matures in June 2011 and is provided by a syndicate of banks comprising ANZ Banking Group, BNP Paribas, Banque Pour Le Commerce Exterieur Lao, Commonwealth Bank of Australia, Macquarie Bank and NM Rothschild & Sons.

Default provisions

There are provisions in the Company's facilities under which a default in one facility may trigger default of the Company's other facilities and the Company's Convertible Bonds.

Cash and debt position

OZ Minerals' cash position has deteriorated since its last announcement. As of 8 December 2008, OZ Minerals had cash on hand of A\$279.4 million (US\$178.8 million), which is down from the A\$405.0 million (US\$259.2 million) as at 30 November 2008, which was reported by the Company in its 4 December 2008 announcement. The principal reasons for the deterioration in cash balances are:

- reduced cash inflow from lower commodity prices, which have impacted both new sales and provisional pricing adjustments to previously booked sales;
- the Company's decision to defer some projects has had the effect of accelerating redundancies and closure costs.

As at 8 December 2008, the Company's gross debt position was A\$1,082.0 million (US\$692.5 million) and its net debt position was A\$802.6 million (US\$513.7 million), excluding the Convertible Bonds.

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