

3 July 2008

## AUSTRALIAN STOCK EXCHANGE AND MEDIA RELEASE

### PROMINENT HILL PROJECT UPDATE – EXPLORATION SUCCESS, PROJECT MILESTONES ACHIEVED

Recent drilling completed west of the pit at Oxiana's Prominent Hill copper-gold project in South Australia has highlighted significant potential for the discovery of an additional deposit close to existing infrastructure. Several major milestones for the project, which is nearing completion, have also been achieved, including connection of both water and power supply to the site and the arrival of the SAG mill at port in South Australia. Construction remains on schedule, with commissioning and first production due in the fourth quarter of 2008.

Prominent Hill is a very important project for the new company formed through the recent merger of Oxiana and fellow mining company Zinifex Limited. In 2009 it will increase the Group's copper production by 110,000 to 120,000 tonnes and gold production by 75,000 ounces to 85,000 ounces and will be a significant new source of cash flow.

Including Prominent Hill on a proforma basis at current commodity prices, copper will account for around 50% of total Company revenue, with the remainder coming from production of zinc, gold, nickel, lead and silver.

#### Exploration

While the Prominent Hill project has been progressing through the development and construction phase, intensive exploration has continued to meet with considerable success. Drilling in 2006 and 2007 confirmed that the orebody was considerably larger than initially defined. Throughout 2008 work has continued to further test extensions to the orebody both laterally and vertically and to progress feasibility studies into the development of an underground mine concurrent with the open pit operations.

Ongoing exploration has also been actively testing the potential for additional deposits in close proximity to the currently defined orebody.

Recent step out drilling to follow up on earlier encouraging copper intersections in the Western Copper Zone, located 900 metres west of the Prominent Hill pit, has returned outstanding results including **26m at 2.1% copper** and **86m at 2.9% copper**, including **61m at 3.9% copper**.

These and other strong results from this zone are tabulated below and indicated on Figure 1.

Hole ID	Section	From (m)	Interval (m)	Cu (%)	Au (g/t)	Ag (g/t)
PH08D383	4300E	385	15	1.80	0.62	
		408	15	0.76		
		329	22.4	1.57		
		<i>including</i> 329	10	2.46		
PH08D384	4200E	301	26	2.13		2.7
		332	85.8	2.90		11.8
		<i>including</i> 357	60.8	3.79		15.2

**Table 1.** Near mine drill intersections, Prominent Hill. Lower cut-offs are 0.3% Cu and 0.5g/t Au; internal dilution is <4m.

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The results from hole PH08D384 confirm that copper mineralisation intersected in 2007 (PH07D346 - 50m at 1.8% Cu and 0.6g/t Au) is laterally continuous over a distance of at least 100m and further step out drilling subsequent to that reported above, has intersected extensive zones (of up to 120 metres) of visual copper mineralisation. Further assay results, expected in around 4 weeks, will significantly advance geological interpretation of the Western Copper Zone and allow an initial assessment of the copper-gold resource potential in this area.

Systematic drill testing of regional targets elsewhere in the broader 4,175km square tenement holding is ongoing. Results to date have outlined broad zones of low grade copper-gold mineralisation at the Triton prospect (77m at 0.2% Cu and 0.1g/t Au from 251m) located 10km north-east of Prominent Hill, and strongly elevated precious metals at the Taurus prospect (121m at 0.5g/t Pd + Pt from 254m), located 7km south-east of Prominent Hill. Follow up drilling is planned. Detailed gravity surveys recently completed west of Prominent Hill have also generated new high potential drill targets.

### **Project construction**

Work on construction of the Prominent Hill plant and associated infrastructure continues to proceed on schedule.

Construction of a 170km, 132kVA power line has been completed and the site has now successfully been connected to grid power via the Olympic Dam West substation. The project will use approximately 50 MW of power and the contract for power supply has been awarded to AGL.

Provision of water from the permanent borefield to the site has also commenced with the main transfer pipeline operating and 50% of the production bores complete. The borefield will supply process water for use in the plant and to the reverse osmosis facility to produce potable water for the village.

Construction of the process plant and infrastructure is now 70% complete, with the project on schedule for commissioning and first production in the fourth quarter of this year. The SAG mill, delays in the delivery of which were announced earlier in the year, has now arrived at Port Pirie in South Australia for transport to site and commissioning in keeping with the current schedule.

Project costs also remain in line with current forecasts of \$1.08 billion.

### About Oxiana:

Oxiana is an international mining and exploration company listed on the Australian Stock Exchange.

Shareholder and Court approvals for a merger between Oxiana and fellow Australian based miner Zinifex Limited were obtained last week. The new Company, which will be re-named OZ Minerals – drawing on the heritage of both Oxiana and Zinifex – subject to the approval of shareholders at an extraordinary General Meeting to be held on 18 July 2008, is now Australia's third largest diversified mining company and the world's second largest producer of zinc as well as a substantial producer of copper, lead, gold and silver.

With a strong production base, attractive development pipeline, prospective exploration portfolio and a sound financial position, the merged Company is well-positioned to succeed, especially in the current environment defined by growing world-wide demand for all basic commodities.

The company currently has five mining operations located in Australia and Asia, three new mining projects in development and a large portfolio of exploration projects throughout Australia, Asia and North America.

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Within this statement references to Resources and exploration results have been approved for release by Mr A. Manini BSc(Hons), FAusIMM who has more than 5 years experience in the field of activity concerned and is a "Competent Person" as described by the JORC (2004) Code. He has consented to the inclusion of the material in the form and context in which it appears.

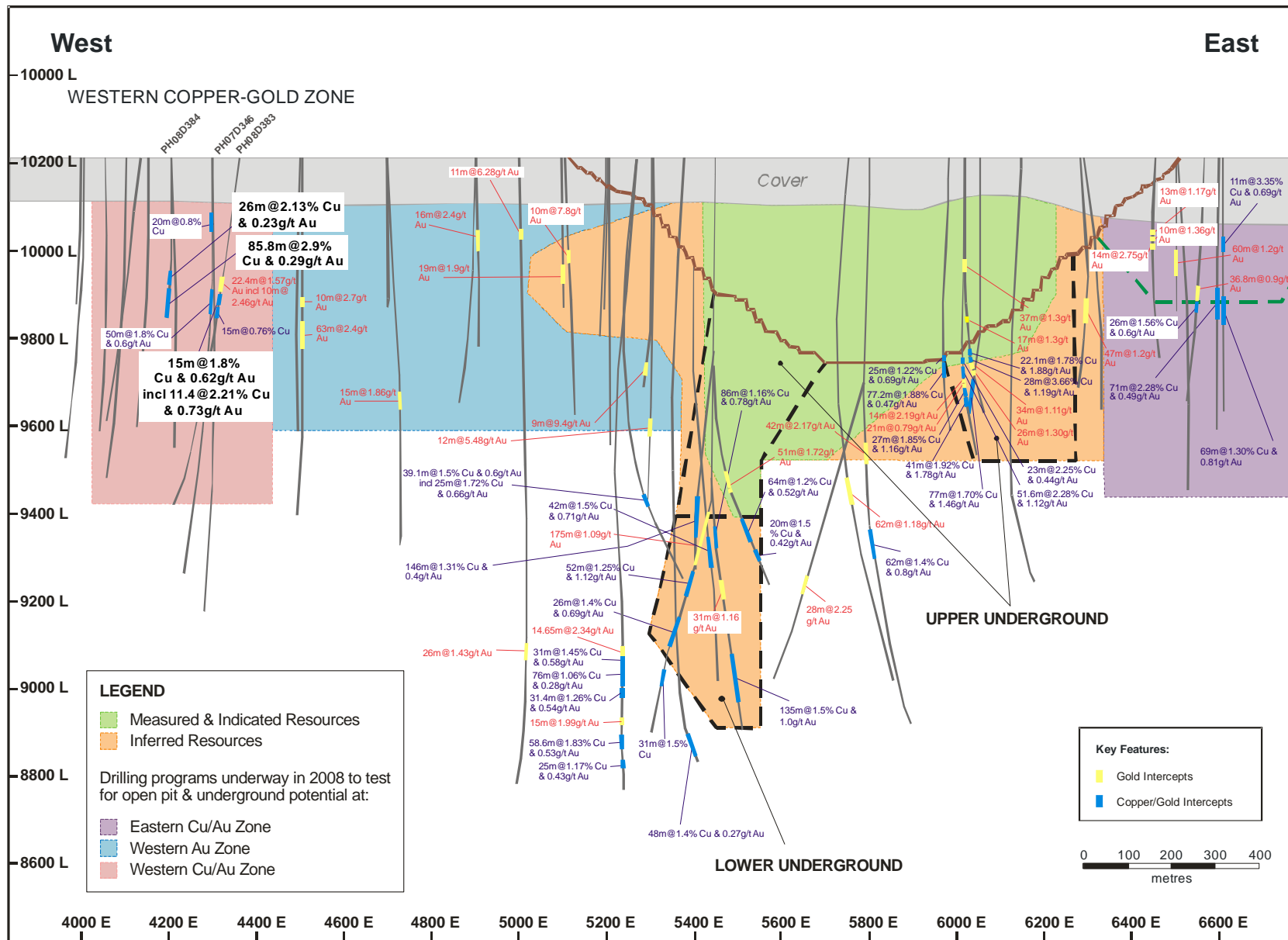


Figure 1: Prominent Hill Longitudinal Section – Recent drilling results highlighted.