

# QUARTERLY REPORT

FOR THE THREE MONTHS  
ENDING 31 MARCH 2010



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**PROMINENT HILL CONTAINED METAL  
PRODUCTION**

MARCH  
QUARTER 2010

**OZMINERALS.COM**

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TOTAL COPPER	31,909t
TOTAL GOLD	41,572oz

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- Strong copper production at Prominent Hill, due to high throughput rates, milled grades and recoveries.
- Gold production higher due to increased gold-only ore treatment and higher than expected grades from the open pit.
- Gold production guidance increased.
- Costs of production (C1 – US57.4c/lb) world competitive.
- Cost guidance for 2010 lowered.
- Additional open pit fleet to be added to increase operational flexibility.
- Underground feasibility study – decline planned.
- Exploration Joint Venture signed with IMX Resources; exploration to commence immediately on this additional highly prospective tenement area.
- Initial Resource of 605,000oz announced for the Okvau project in Cambodia.
- Neil Hamilton elected as Chairman.

A handwritten signature in black ink, appearing to read 'Terry Burgess', with a long horizontal flourish extending to the right.

Terry Burgess  
Managing Director and Chief Executive Officer  
15 April 2010

## OZ MINERALS QUARTERLY ACTIVITIES TO 31 MARCH 2010

### SAFETY

There were thirteen recordable injuries for the Company during the period, including five lost time injuries. This was a very disappointing result, given that the Company recorded two lost time injuries for calendar year 2009. OZ Minerals total recordable injury frequency rate stood at 15.66 at the end of the quarter.

A range of programs commenced during the quarter to support our commitment to Zero Harm by Choice, this has included a focus on the tracking of safety leading indicators for the Company.

### OPERATIONS

#### PROMINENT HILL

Following a strong finish to 2009, Prominent Hill recorded another good quarter of operations. Production of 31,909t of copper and 41,572oz of gold was in excess of expectations. Production is expected to be higher in the first quarter than the subsequent quarters due to an expected decline in head grade over the year.

Guidance of average production for 2010 to 2012 of 100,000 to 110,000t per annum of copper remains unchanged.

Gold production is expected to increase from the previously indicated 80,000oz to 90,000oz to average 110,000oz to 120,000oz per annum for the 2010 to 2012 period.

Costs of production were lower on a unit basis due to strong gold by-product credits. The forecast for 2010 average 'C1' cash costs has been revised down from US85c/lb – US95c/lb to US80c/lb-US90c/lb.

#### Mining

Mining of Stage I is now complete and mining during the quarter was in Stage II. Ore mined was lower than previous quarters. However, this had no impact on production with significant stockpiles of ore available for draw-down. Ore mining operations were affected on occasions by truck driver availability, an abnormal number of wet weather events and mining constraints associated with final pit wall remediation work after earlier pit sloughing events.

Elevated gold production was due to mining and treatment of higher grade gold ore than planned. Gold-only ore mined for the quarter was 506kt with

very high gold grades of 2.3g/t. Most of this gold ore was included in the Prominent Hill resource, however, not in within the current mine plan.

A fourth mining fleet will be introduced to the open pit for a period of 24 months. This will increase ore supply to the mill and reduce unit mining costs by expediting the Stages III and IV cutbacks in the pit. The fourth fleet, which will include an additional excavator and associated trucks, is expected to commence operation in the fourth quarter this year.

#### Processing

Mill utilisation for the quarter was around 88%. This was below plan due to a 5 day power outage caused by a severe storm event which toppled a number of overhead power poles on the borefield. However, the routine quarterly plant shut-down was the most efficient undertaken to date.

The plant consistently operated at rates of 1,150t/h; 15% in excess of the 1,000t/h nameplate capacity.

Higher than expected copper production was due to good recoveries, averaging 89%, achieved from a predominantly bornite ore blend. The average blend processed through the plant for the quarter was 40% chalcocite dominant ore, 50% bornite dominant ore and 10% gold-only ore. This followed the successful plant trials on blends with bornite dominant ore and gold-only ore in late 2009.

The upward revision in gold production is due to treatment of higher amounts of gold-only ore included in the 2010 mine plan, with the ratio being managed to maintain the gold in concentrate grade between 20 g/t and 25 g/t.

Sales were lower than production due to rain events impeding transport through the Adelaide to Darwin Railway. During the quarter plans were advanced for initiating concentrate shipments through Port Adelaide and the first shipment from this port will be made in mid-April. Concentrate stockpiles are expected to be returned to normal levels through increased shipments and sales by the end of June.

TABLE 1  
PROMINENT HILL PRODUCTION STATISTICS

		MAR QTR 10	DEC QTR 09
MINED	ORE (TONNES)	1,565,023	2,922,609
	WASTE (TONNES)	12,434,089	11,015,693
MINED GRADE	COPPER (%)	1.13	1.24
	GOLD (G/T)	1.16	0.76
	SILVER (G/T)	3.55	3.44
ORE MILLED	(TONNES)	2,208,192	2,285,890
MILLED GRADE	COPPER(%)	1.63	1.85
	GOLD (G/T)	0.79	0.57
	SILVER (G/T)	5.23	6.07
RECOVERY	COPPER (%)	88.9	86.4
	GOLD (%)	74.5	72.4
	SILVER (%)	54.4	76.2
COPPER CONCENTRATE PRODUCED	(TONNES)	61,964	69,388
CONCENTRATE GRADE	COPPER (%)	51	53
	GOLD (G/T)	20.9	13.7
	SILVER (G/T)	101.4	152.4
CONTAINED METAL IN CONCENTRATES	COPPER (TONNES)	31,909	36,497
	GOLD (OZ)	41,572	30,526
	SILVER (OZ)	202,017	339,937
TOTAL CONCENTRATE SOLD	(DM TONNES)	40,614	66,627
PAYABLE METAL IN CONCENTRATES SOLD	COPPER (TONNES)	20,072	33,914
	GOLD (OZ)	21,901	26,248
	SILVER (OZ)	118,389	224,688

### Costs

Strong gold by-product credits saw unit costs of production lower, partially offset by lower payable production, with average 'C1' costs of production of US57.4c/lb.

C1 costs are now expected to be lower for 2010 at US80c/lb to US90c/lb, however, costs are expected to be higher in the remaining quarters this year than the current quarter due to declining scheduled milled grades. These unit costs remain highly competitive against other producers.

TABLE 2  
PROMINENT HILL COSTS (US CENTS PER LB)

	MAR QTR '10	DEC QTR 09
MINING COSTS	61.1	51.8
DEFERRED MINING	-17.9	15.0
ORE INVENTORY ADJ	16.7	-18.0
TOTAL SITE PROCESSING COSTS	27.3	25.0
TC AND TRANSPORT	24.1	25.8
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	-69.4	-47.5
OTHER DIRECT CASH COSTS	15.5	11.4
<b>TOTAL C1 COSTS</b>	<b>57.4</b>	<b>63.5</b>
ROYALTIES	5.6	4.9
OTHER INDIRECT COSTS	7.8	4.4
TOTAL CASH COSTS	70.8	72.8
DD&A	42.6	37.3
OTHER NON CASH COSTS	1.4	0.3
TOTAL PRODUCTION COSTS	114.8	110.4

## DEVELOPMENT

### PROMINENT HILL UNDERGROUND

#### Feasibility Studies

Work on the feasibility studies into underground mining at Prominent Hill continued during the quarter.

The surface drilling program for the Western Copper deposit, located 800 metres to the west of the open pit, was the focus in the period.

Work on the underground studies is expected to be completed in the second quarter.

As part of this work, a decline is planned which will allow further drilling of the Main Underground deposit and the Western Gold deposit to enable their further evaluation and to provide access to the Western Copper deposit. Work is expected to commence in the second half of 2010.

## EXPLORATION

### PROMINENT HILL

#### Resource development

Three rigs operated on the Western Copper deposit during most of the quarter in order to provide information for the underground mining studies currently underway.

High grade copper results were returned from this infill drilling including:

D480	23.5m @ 6.40% Cu from 438.8m
D481	157.8m @ 2.64% Cu from 355.5m
D483	135.0m @ 4.07% Cu from 305.0m
D485	50.0m @ 2.56% Cu from 337.0m
D487	122.6m @ 4.65% Cu from 336.0m
D489	130.0m @ 2.47% Cu from 340.0m

Geological modelling of the Western Copper deposit is nearing completion and suggests that the copper resource represents a coherent and well defined mineralised zone.

Drilling to test deeper resource potential under the current open pit was also undertaken during the quarter with two holes completed and one in progress (for 2,700m). Visible, but finely disseminated, copper mineralisation was recorded in hole D501W1 from 890m (down hole) over approximately 30m. Assay data is awaited. A second rig was moved onto this important drilling program late in the quarter.

On completion of Western Copper deposit drilling the remaining two rigs will begin systematic testing along strike to the east and west of the open pit.

## **REGIONAL EXPLORATION**

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OZ Minerals' highest exploration priority is the highly prospective tenement holding which surrounds Prominent Hill.

During the quarter 13 holes for 8,000m were drilled into 13 prospects. The locations of these prospects (Taurus, Calisto, Bluebird, Peculiar Knob North, White Hill North, White Hill, Nicholl Well, Neptune, Mt Hawker, Pluto, Scylla, Triton and Umbriel) are shown on a map on the accompanying presentation to this report.

Significant alteration was intersected in holes DD10UMB001 and DD10UMB002 at the Umbriel prospect located 18km west of Prominent Hill. The drilling results also suggest that the rock sequence seen at Prominent Hill continues westwards adjacent to a major geological terrain boundary. A third drill rig will be mobilised to this area in the next quarter to begin a systematic assessment.

At the Taurus prospect, hole DD10TUR007 intersected 15m at 1.02 g/t platinum and 0.66 g/t palladium. These results support earlier anomalous platinum/palladium (and nickel) intersections. The area is also prospective for copper.

Anomalous platinum and palladium values were also returned from drilling at the Zeus prospect, northwest of the mine, which targeted magnetic/gravity anomalies further northwest along the main Taurus trend and away from previous drilling. Further systematic drilling is warranted to test for these styles of mineralisation.

Systematic drill testing of the Neptune-Triton area continues. Drilling to date has returned low grade (0.2 to 0.3%) copper mineralisation. An IP response at Triton was drilled but produced no significant mineralisation. Drilling is currently testing a strong linear feature which divides the two prospects.

Recent drilling at the Mt Hawker prospect, 46km east of the mine, intersected minor chalcopyrite and bornite in a hematite-altered basaltic host. Assays are awaited.

The program of ground Induced Polarisation (IP) surveys continues with work completed at Joes Dam and in progress at Cressida/Umbriel, west of the mine. The data are being assessed and will aid in the targeting of drill holes. To date some 35km<sup>2</sup> have been surveyed using ground IP including 22km<sup>2</sup> in 2010. A second team is being mobilised to increase the focus on this important geophysical technique for the Prominent Hill area.

As detailed below, plans are advanced for a comprehensive gravity and magnetic survey for the IMX joint venture tenements, and nearby OZ Minerals tenements, in mid-April. This ground has as yet not been surveyed in detail using gravity and magnetic techniques which are seen as a precursor for IP surveys.

## **IMX JOINT VENTURE**

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A joint venture agreement with IMX Resources Limited was signed on 13 April to explore for and develop copper-gold projects on IMX's 'Mt Woods' tenements which are largely contiguous with OZ Minerals Prominent Hill tenements. The IMX tenements cover approximately 3,000km<sup>2</sup> and it is believed that structures/lithologies which host the Prominent Hill mineralisation extend into these tenements.

During the quarter OZ Minerals appointed a senior geologist to lead the exploration work on the IMX tenements. Work undertaken during the quarter included data review and planning for an airborne gravity and airborne magnetic survey along with a land based Induced Polarisation (IP) survey.

The airborne surveys, which have now commenced, will provide more detailed geophysical data than currently exists over the IMX tenement area. The results will be used to define target areas for IP surveys, detailed ground gravity follow-up and diamond drilling. IP surveys will initially be undertaken over known prospects and targets which have already been identified by OZ Minerals and IMX geoscientists.

## **CAMBODIA**

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An initial Inferred Mineral Resource of 8.1 million tonnes at 2.3g/t gold for 605,000 ounces of contained gold (at a 0.5g/t cut-off) was announced in March for the Okvau project in Cambodia. The Resource was based on 10,559m of drilling undertaken since mid-2006.

OZ Minerals considers this resource as a foundation asset from which to build its resource base.

Drilling is now planned to assess a number of prospects that are defined by strong geochemical and geophysical anomalism. Five of these targets are within a 3km radius of the Okvau resource and another four prospects are within the district – Oput, Granite Hill, Area 6 and O Khleck Khlock. Drilling has recently commenced at Granite Hill. IP surveys were completed ahead of drilling at Granite Hill, Oput, and Area 6.

At O Khlek Khlok, which is located 50 km west-north-west of Okvau, soil sampling was completed ahead of further sampling and geophysical surveys with a prospective 4km structural contact zone identified.

At O Anlong project (OZ Minerals 88%), a prospect considered prospective for sedimentary copper mineralisation, a shallow RC drilling program was completed with approximately 50 holes drilled (2,600m). Results are pending.

A copy of the Okvau Mineral Resource Statement can be found on OZ Minerals website at [www.ozminerals.com](http://www.ozminerals.com).

## **MEXICO PORPHYRY JOINT VENTURE**

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During the quarter OZ Minerals agreed on all terms to be incorporated into a joint venture with Azure Minerals over the San Eduardo property in Mexico.

This proposed Joint Venture initiative is part of OZ Minerals previously announced strategy to build a pipeline of projects at various stages of development which are copper focused, have the potential to achieve its production scale goals of between 50,000t and 150,000t of copper per year and are in favourable geographic locations.

The San Eduardo project is a 'greenfield' exploration property covering just over 200km<sup>2</sup> in Sonora State. The project area is considered prospective for the discovery of porphyry copper deposits. There are historical mine workings in the area and historical sampling has identified mineralisation of interest.

The first phase of exploration is planned to commence in May and will constitute a mapping and surface sampling program, an airborne magnetic and radiometric survey, an IP survey and drilling.

The first stage of the Joint Venture requires a minimum expenditure commitment of US\$300,000, which will be sole funded by OZ Minerals and is expected to be completed by the end of 2010.

Following this, if it elects to continue with the project OZ Minerals can spend US\$3 million over the next 3 years to earn 51% of the project. OZ Minerals can then earn an additional 19% in the project by spending a further US\$10 million.

## **MARKETING**

The LME copper price increased throughout the first quarter of 2010, averaging US\$3.28/lb, 9% higher than the previous quarter. This was the highest quarterly average since the third quarter of 2008, immediately prior to the impact of the 'Global Financial Crisis'. Prices continued to rise in early April. LME copper stock levels have fallen by around 8% since reaching a six year peak in February. TC/RCs for spot sales of copper concentrate remained low during the quarter at less than US\$20/2, due to very limited concentrate availability.

The gold price averaged US\$1,110/oz over the period, 1% higher than the previous quarter.

## **PROVISIONAL PRICING**

At 31 March, a total of 3,187 tonnes of payable copper had been provisionally priced at a weighted average price of US\$7,834/t (US\$3.55/lb). This will be finally priced during the second quarter.

## CORPORATE

### BOARD

On 13 April Neil Hamilton was elected as OZ Minerals' new Chairman following his joining the Board in February. Neil was also appointed as Chairman of the Nomination & Remuneration Committee.

Also newly appointed to the OZ Minerals Board in February was Charles Lenegan.

Details on both Neil and Charles can be found on the OZ Minerals website.

Retiring from the Board were former Chairman Barry Cusack and Non-executive director Peter Mansell.

### CONVERTIBLE BONDS

In April 2005 OZ Minerals Limited issued convertible bonds with a face value of US\$105 million at a fixed, annual interest rate of 5.25 per cent, due in 2012.

Under the bonds' terms, bond holders held the option to require OZ Minerals Limited to redeem their bonds on 15 April 2010 at their principal amount, together with interest accrued to the date fixed for redemption. Bond holders were required to provide notice to exercise this option by no later than 15 March 2010. No bond holder provided such notice and as such there will be no redemption on 15 April 2010.

In accordance with the accounting standards, the convertible bonds will be now reclassified as a non-current liability from that date until 12 months prior to the contractual repayment date.

OZ Minerals has no other debt facilities.

### SHARE REGISTRY

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## CORPORATE INFORMATION

### ISSUED SHARE CAPITAL AT 14 APRIL 2010

ORDINARY SHARES	3,121,339,800
UNLISTED OPTIONS	6,460,796

US\$105,000,000 of convertible bonds outstanding, which represents 114,379,085 shares to be issued.

### SHARE PRICE ACTIVITY FOR THE MARCH QUARTER

HIGH \$1.28

LOW \$0.98

LAST \$1.22 (14 APRIL 2010)

AVERAGE DAILY VOLUME 21.5 MILLION SHARES

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OZ MINERALS LIMITED  
WITHIN THIS STATEMENT REFERENCES TO RESOURCES AND EXPLORATION RESULTS 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 QUALITY 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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