

OZ MINERALS

2008 FULL YEAR FINANCIAL RESULTS

Friday, 27th February 2009



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All figures are expressed in Australian dollars unless stated otherwise.

- > Key points
- > Commodity market overview
- > Minmetals offer
- > Debt review
- > Financial results discussion
- > Improving business efficiency, capex outlook
- > Summary
- > Appendices

KEY POINTS

- > Results are for 6 months of Oxiana and 6 months of combined Oxiana and Zinifex.
- > 2008 production to forecast, cash costs competitive.
- > Second half commodity price falls major impact.
- > Net loss after tax (\$66.4m).
- > Write-down of asset carrying values.
- > Decrease capital and operating cost management measures.
- > Refinancing solution advancing with offer from China Minmetals.
- > No final dividend.

Adjusted NPAT calculation

	A\$m
NPAT (including minorities of \$16m)	(2,501.7)
Add-back :	
Impairment write-downs of assets (\$2,164m pre-tax)	2,008.7
Tax assets written off	228.0
Other asset write-downs (\$301 pre-tax : mainly Toro & Nystar)	301.1
Total asset write-downs	2,537.8
Add-back one-off items (note 10):	
Restructuring costs (\$31.9m pre-tax)*	22.3
Integration costs (\$21.7m pre-tax)**	15.2
Total one-off items	37.5
Less: Benefits of Foreign Exchange*** (\$200m pre-tax)	(140.0)
NPAT pre one-offs	(66.4)

* Restructuring costs mainly comprised redundancy/retention payments, provisions for surplus lease space, provisions for restructuring/care & maintenance.

** Integration costs mainly related to redundancy/retention payments, one off IT costs and re-branding.

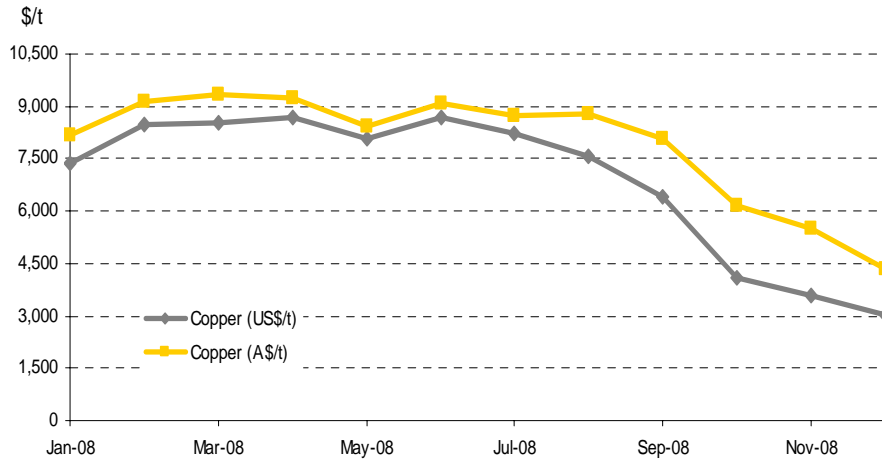
*** OZ Minerals has a US\$ functional currency. However foreign exchange gains relating predominantly to gains inter-company loans on AUD denominated creditors & borrowings and funded in AUD meant the move in the FX rate resulted in a large non cash currency translation.

COMMODITY MARKETS

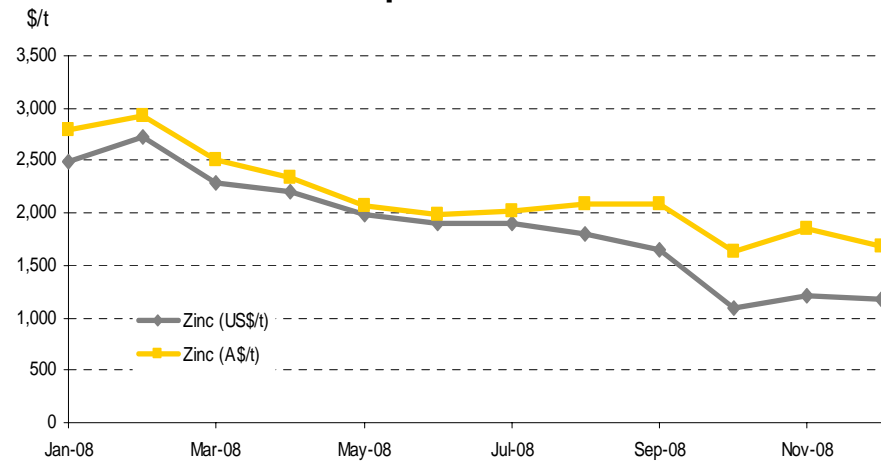


H2 SLUMP IN COMMODITY PRICES

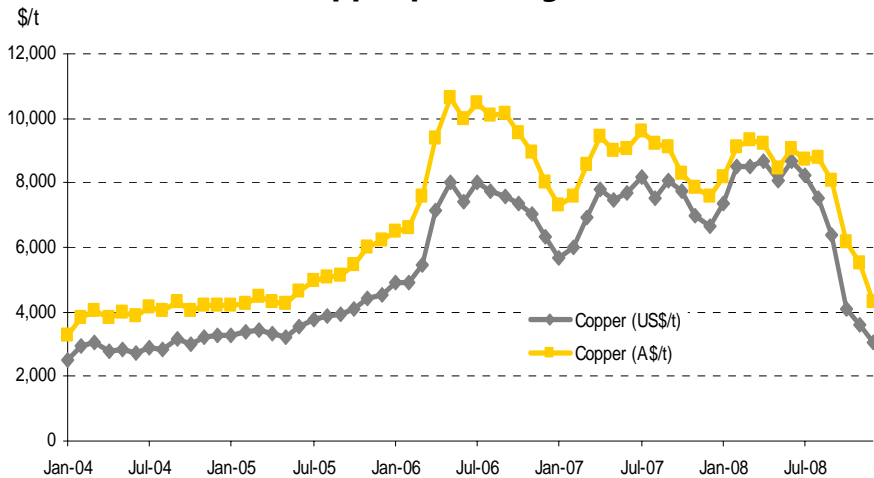
Copper price short term



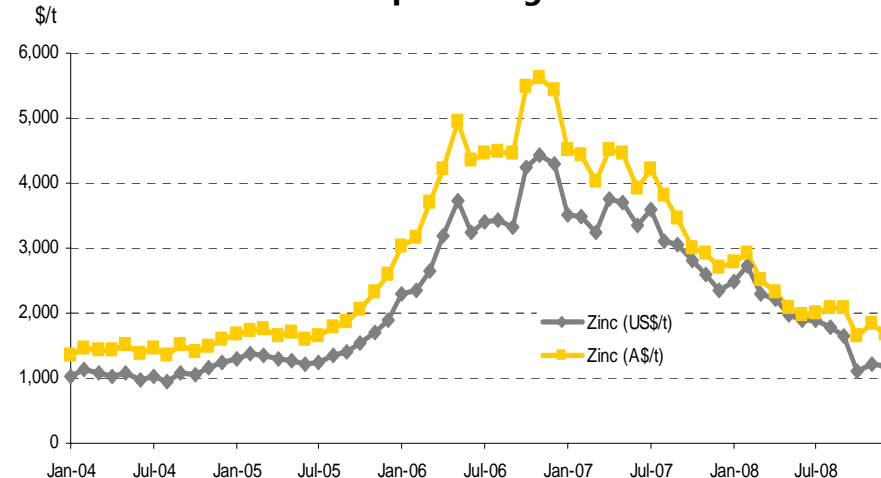
Zinc price short term



Copper price long term

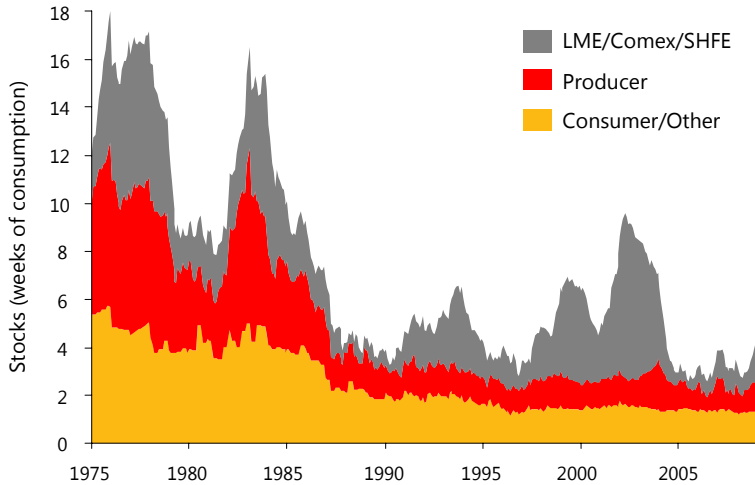


Zinc price long term



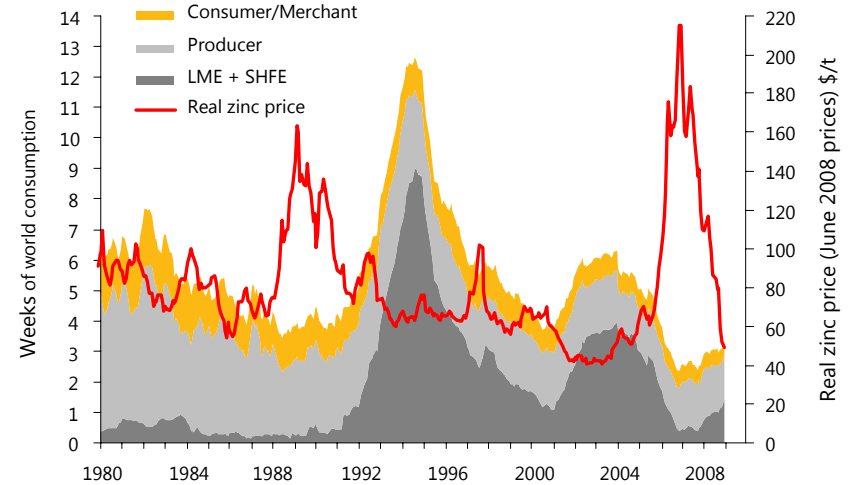
STOCKPILE & END USE COMPARISONS

Copper stocks



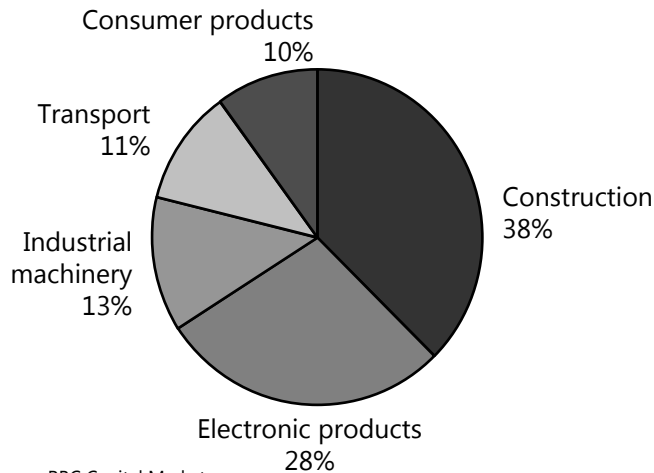
Source: Macquarie Research

Zinc stocks



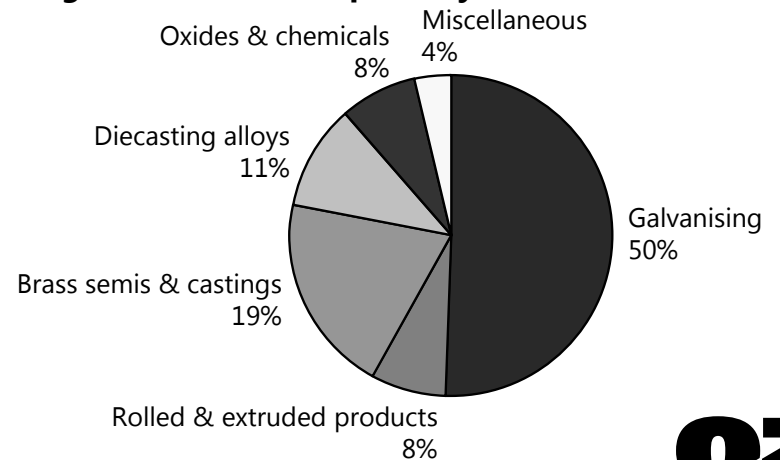
Source: Macquarie Research

2007 western world copper consumption by end use



Source: RBC Capital Markets

2007 global zinc consumption by first use

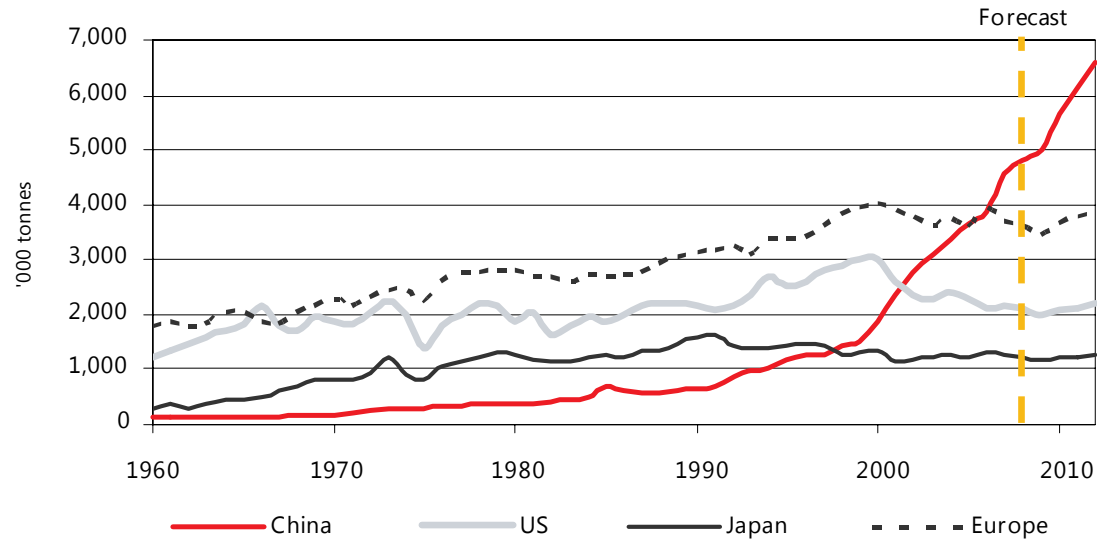


Source: RBC Capital Markets



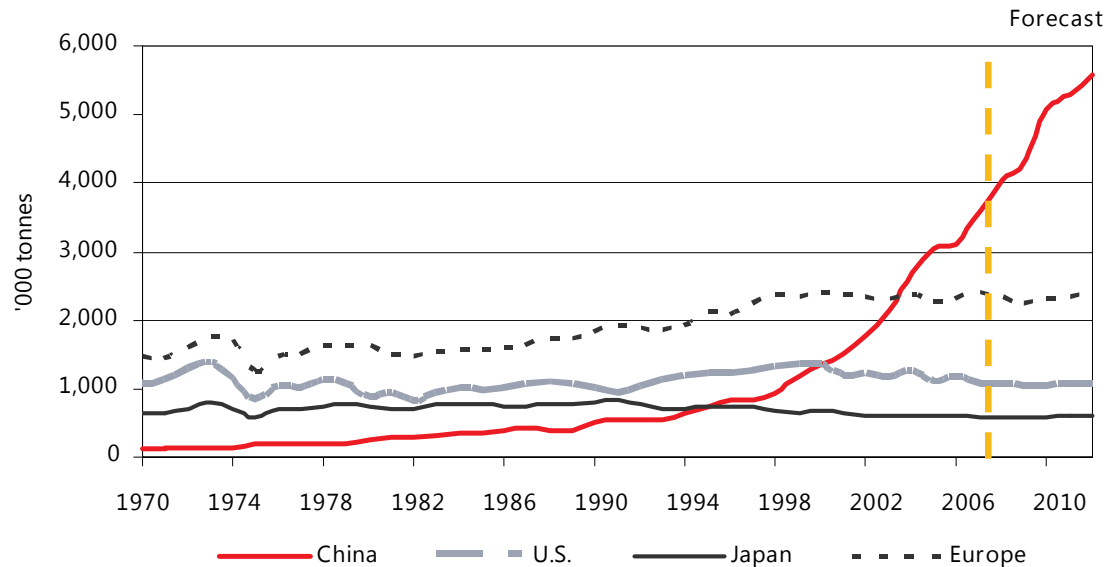
GLOBAL COMMODITY DEMAND GROWTH

Refined copper consumption



Source: RBC Capital Markets

Zinc consumption in major regions



Source: RBC Capital Markets



MINMETALS OFFER OVERVIEW



THE DEAL

- > Recommended all-cash offer of 82.5 cents per share.
- > Scheme of arrangement.
- > Values OZ Minerals equity at \$2.6 billion.
- > Repays OZ Minerals outstanding debt facilities.
- > Subject to lending syndicate providing extension to after scheme implementation.
- > Subject to requisite regulatory and Government approvals.
- > Asset sale program continues for Martabe and Golden Grove.

THE BENEFITS

- > For OZ Minerals the transaction provides:
 - > A holistic solution for stakeholders
 - For shareholders - Cash consideration
 - Provides a premium
 - For financiers - Repays outstanding debt facilities
 - For employees - Secures future of company
 - For suppliers - Continued operations
 - For Australia - Continued exports, taxes, jobs and capital expenditure.

DEBT EXTENSION FINANCIAL OVERVIEW



INITIAL BANK DEBT EXTENSION APPROVED PROGRESSING ASSET SALES

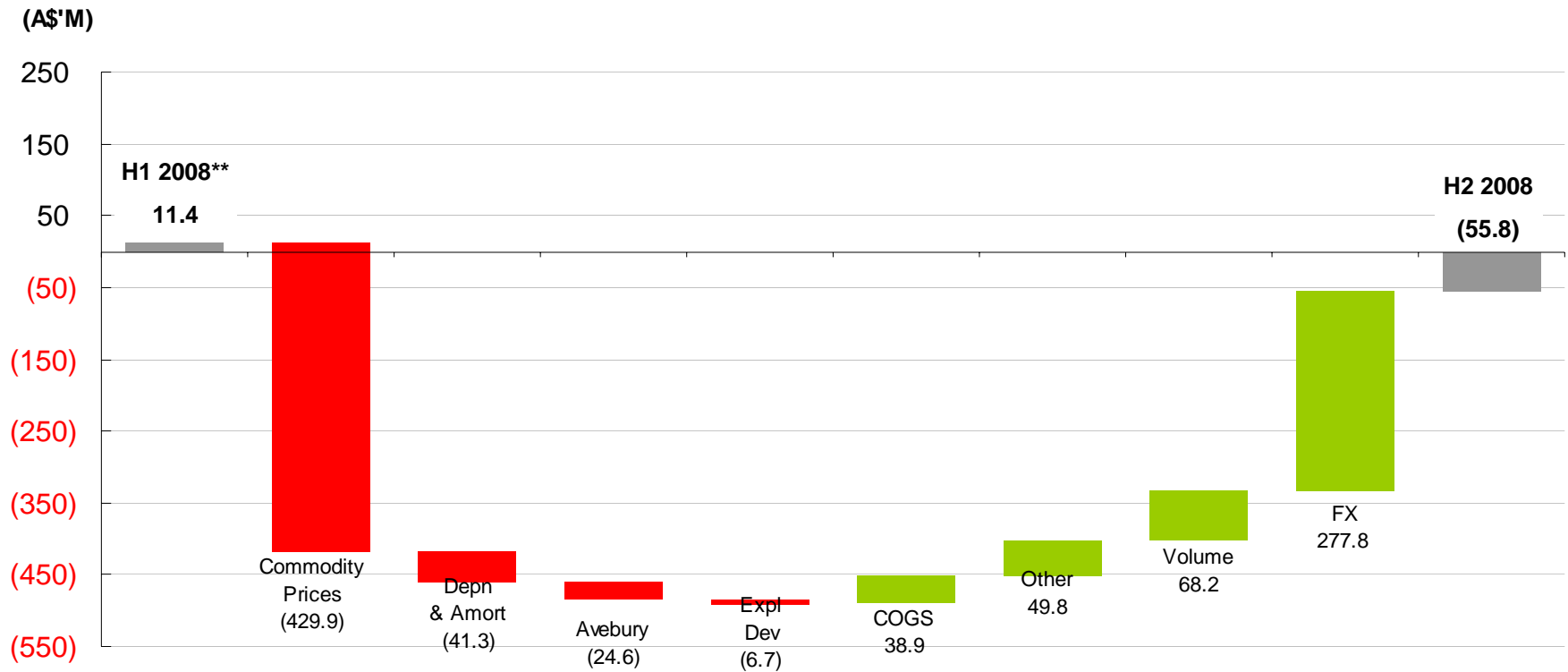
- > Approvals granted for a one month extension to 31 March of facilities A, B, C and the Bridge loan, subject to documentation.
- > This initial extension allows time for the banks to seek credit approval for a further extension to two weeks post the completion of the proposed Minmetals Scheme and to allow sufficient time to finalise and agree documentation with the banks.
- > The banks are supportive of OZ Minerals and are working constructively with the company.
- > Progress continues to be made on the potential sales of Martabe and Golden Grove.

OZ MINERALS 2008 FULL YEAR RESULTS – SNAPSHOT

(A\$m)	H1 08	H2 08	FY 08
Revenue	\$501.6	\$708.8	\$1,218.4
NPAT attributable to Members	(\$0.5)	(\$2,501.2)	(2,501.7)
Cash from operations	\$63.7	(\$162.3)	(\$98.6)
Net debt	\$649.6	\$381.4	\$1,031.0
Gearing	31%	24%	24%
Dividends (CPS)	5c unfranked	0	5c unfranked
Net tangible assets/share	90.9	103.3	103.3

OZ MINERALS EBIT*

Proforma – H1 2008 v H2 2008



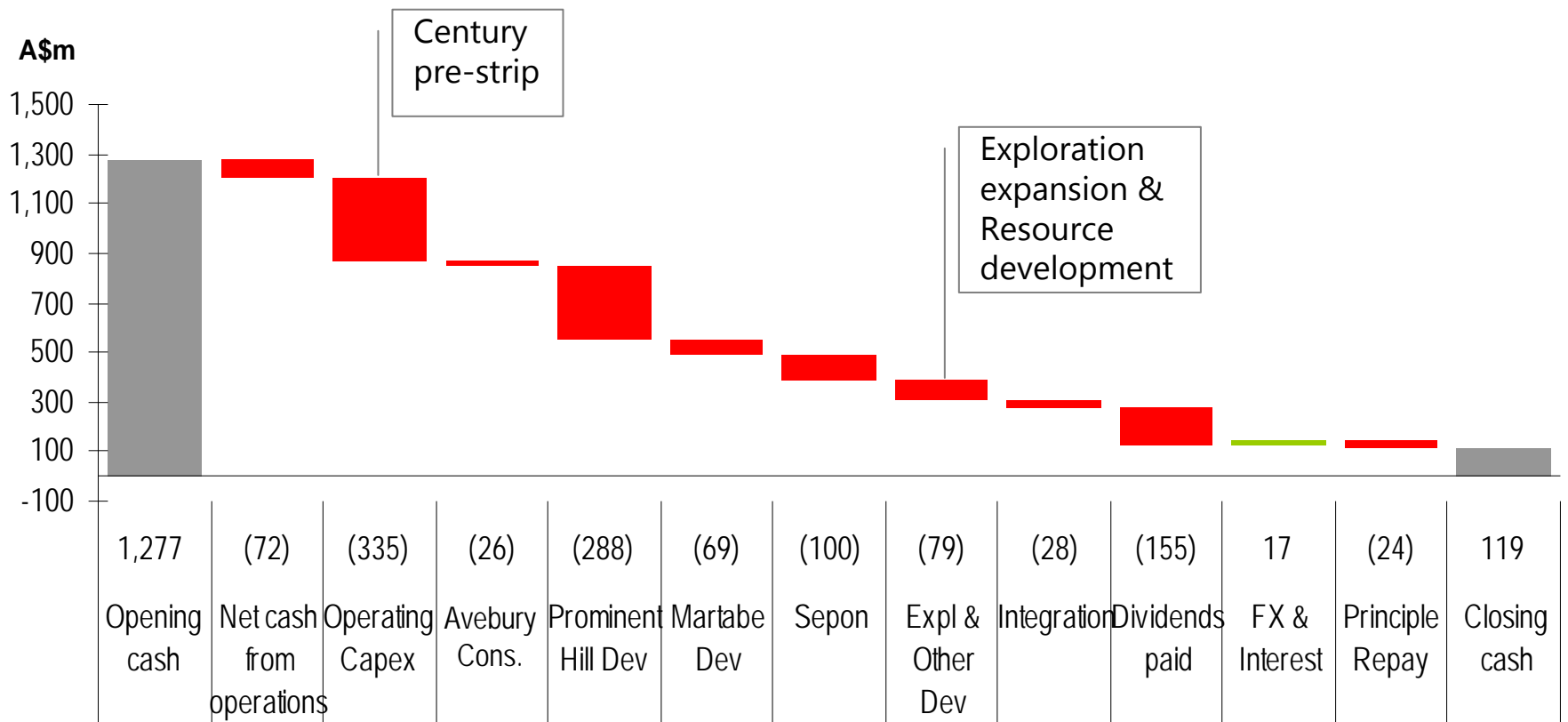
* Pre impairments

** H1 2008 is adjusted proforma i.e. includes Zinifex.



OZ MINERALS CASH FLOW

Net Cash Flow – 1 July 2008 – 31 December 2008



OZ MINERALS WRITE-DOWNS 2008

	Writedown A\$m*	Carrying Value 31 Dec 08 A\$m	Depreciation FY 08 A\$m	Mine Life Years
Mines				
Century	265.0	1,015	145.2	2014
Sepon	35.0	725	55.2	2019
Golden Grove	229.0	200	62.9	2017
Rosebery	245.0	180	19.2	2021
Prominent Hill	251.0	1,443	8.4	2019
Other Operations				
- Martabe	172.0	210	-	10 years
- Avebury	135.0	100	8.4	10 years
- Dugald River	281.7	-	-	
- Canada	395.0	-	0.2	
Equity Investments				
Nyrstar	143.0	35	-	
Toro	126.1	35	-	
Other investments	32.0	19	3.5	
Derecognition of tax loss	228.0	164		
Restructuring expenses	21.5			
Integration expenses	15.2			
TOTAL				

* These are post tax figures. Tax impact on Canada comprises \$111.8m, Martabe \$44.4m, restructuring expenses \$9.3m and integration expenses \$6.5m. Others have no tax impact.



IMPROVING BUSINESS EFFICIENCY



PROJECT DEFERRALS & COST REDUCTIONS

CAPITAL EXPENDITURE DEFERRAL

> Martabe:	\$345 million
> Sepon copper expansion:	\$77 million
> Rosebery surface facility:	\$125 million
> Golden Grove open pit:	\$20 million
	<u>\$567 million</u>

OPERATING EXPENDITURE REDUCTION

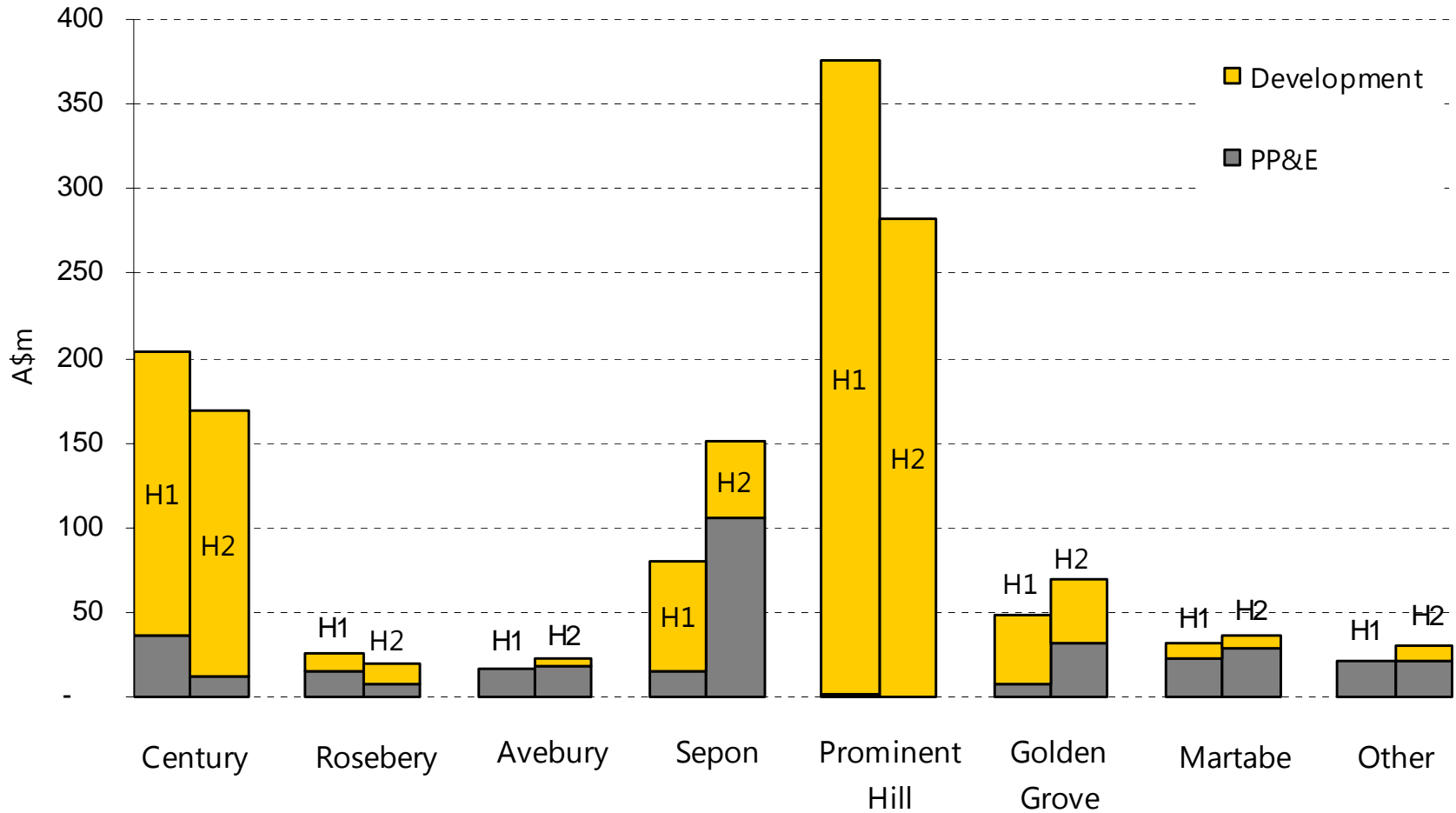
> Golden Grove:	\$36 million
> Century:	\$28 million
> Prominent Hill:	\$19 million
> Rosebery:	\$10 million
> Avebury:	\$4 million
> Asian operations:	\$50 million
> Corporate:	\$17 million
> Exploration:	\$20 million
	<u>\$184 million</u>

GROUP OFFICE COST REDUCTIONS – 2009E*

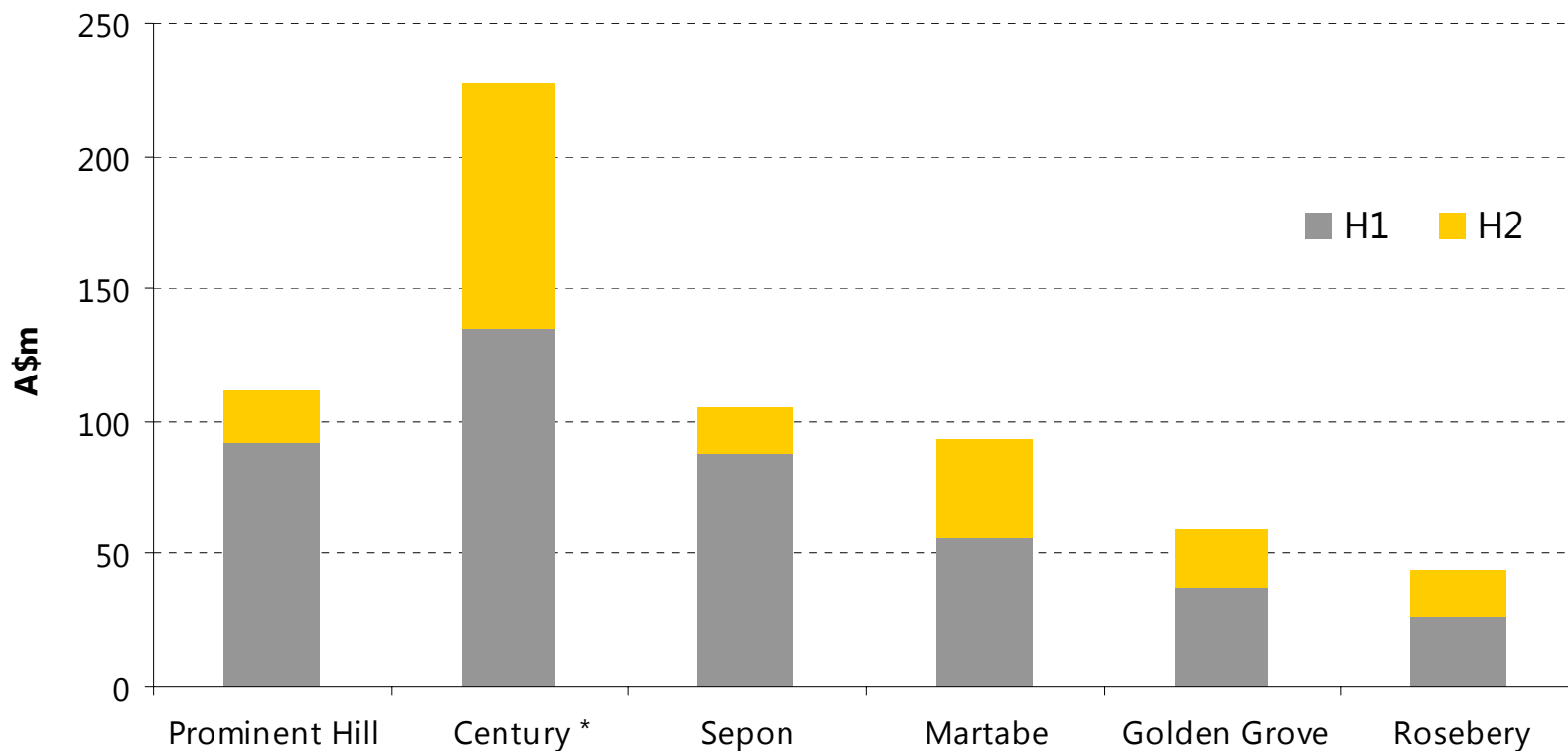


* Before mine chargeouts

CAPITAL EXPENDITURE BREAKDOWN - 2008



EXPECTED CAPITAL EXPENDITURE – 2009 FIRST HALF BIAS



* Century capex consists mostly of accelerated pre-strip.

APPENDICES



SENSITIVITY – EFFECT ON 2009 NPAT

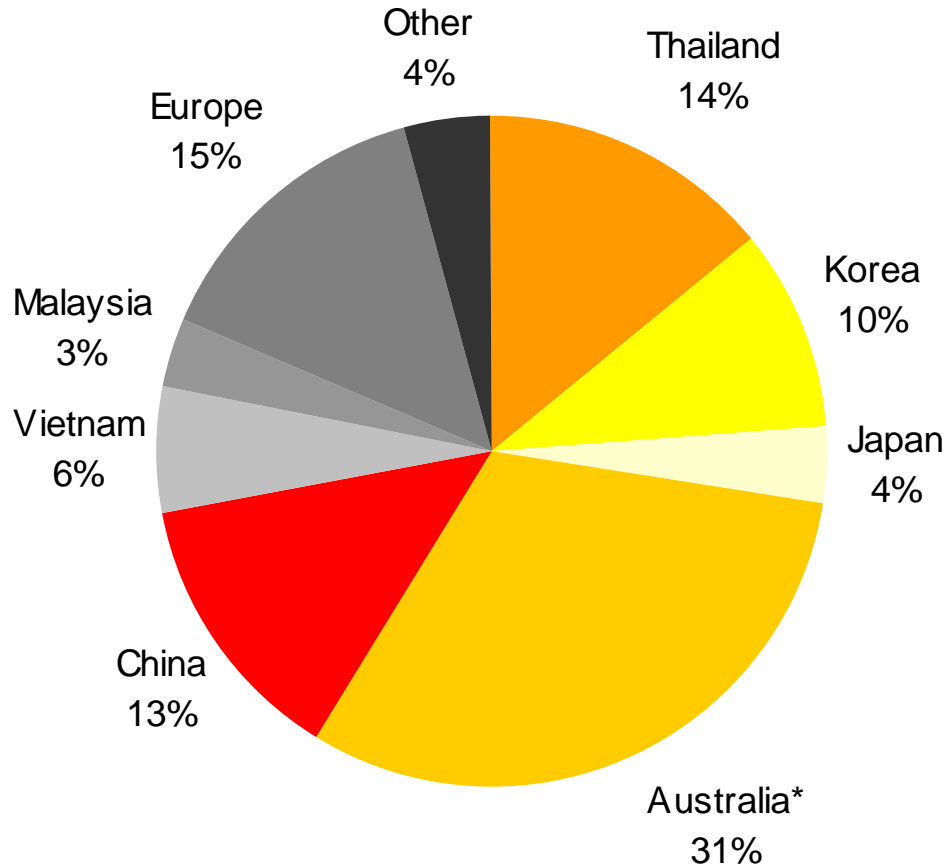
		% change in NPAT
10% Increase	Copper	26
	Zinc	24
	Gold	8
	Lead	3
	Silver	2
10% Decrease	USD:AUD	20

2008 CAPITAL EXPENDITURE BREAKDOWN – A\$M ²³

H1 (A\$m)	Century	Rosebery	Avebury	Sepon	Prominent Hill	Golden Grove	Martabe	Other	Total
PP&E	35.5	15.3	17.0	15.0	0.9	8.0	22.3	20.8	134.8
Development	168.6	10.6	-	65.2	374.6	40.8	9.2	-	669.0
Total	204.1	25.9	17.0	80.2	375.5	48.8	31.5	20.8	803.8

H2 (A\$m)									
PP&E	11.5	7.6	18.5	106.2	-	31.8	28.5	21.7	225.8
Development	157.0	11.4	4.6	44.0	281.7	37.2	7.3	9.2	552.4
Total	168.5	19.0	23.1	150.2	281.7	69.0	35.8	30.9	778.2

OZ MINERALS SALES REVENUE BY DESTINATION - 2008



* Mostly Nyrstar Smelters which in turn re-export final product.

DEBT BREAKDOWN & RATIOS

As at 31 December 2008 – A\$	AUD million
Debt drawn down	
Bank loans	988.8
Convertible notes	137.4
Lease liability	23.6
Total AUD million	1,149.8
Gearing ratio	
Interest bearing liabilities	1,149.8
Less cash and cash equivalents	(118.8)
Net debt	1031.0
Total equity	3,230.0
Total capital	431.0
Gearing (%)	24.0%
Interest cover	
EDITDA for continuing operations	240.6
Net financing income/(expense) for continuing operations	(23.6)
Cover (times)	10.2
Debt payback	
Interest bearing liabilities	1,149.8
EBITDA from continuing operations	240.6
Pay-back (years)	4.8

PRO FORMA RECONCILIATION OF NPAT TO OPERATING CASH FLOW

For the year ended 31 December 2008 - A\$m	OZL
NPAT	(2,484.9)
Depreciation and amortisation	316.0
Non-cash borrowing costs	8.9
Non-cash foreign exchange (gains)/losses	(132.8)
Impairment losses	2,466.0
Other non-cash items	7.3
(Gain)/loss on disposal of property, plant and equipment	0.4
Share of net loss of associates	5.5
Equity settled share based payment transactions	13.8
Change in assets and liabilities	
- Trade and other receivables	89.9
- Prepayments and other assets	(13.8)
- Inventories	(223.1)
- Trade and other payables	(75.9)
- Current tax assets	(46.5)
- Deferred tax assets	30.3
- Current tax liabilities	13.5
- Deferred tax liabilities	(73.2)
Net cash inflow from operating activities	(98.6)

DESPITE LOW PRICES AND CONTINUING COST PRESSURES, MOST OPERATIONS ARE CASH POSITIVE

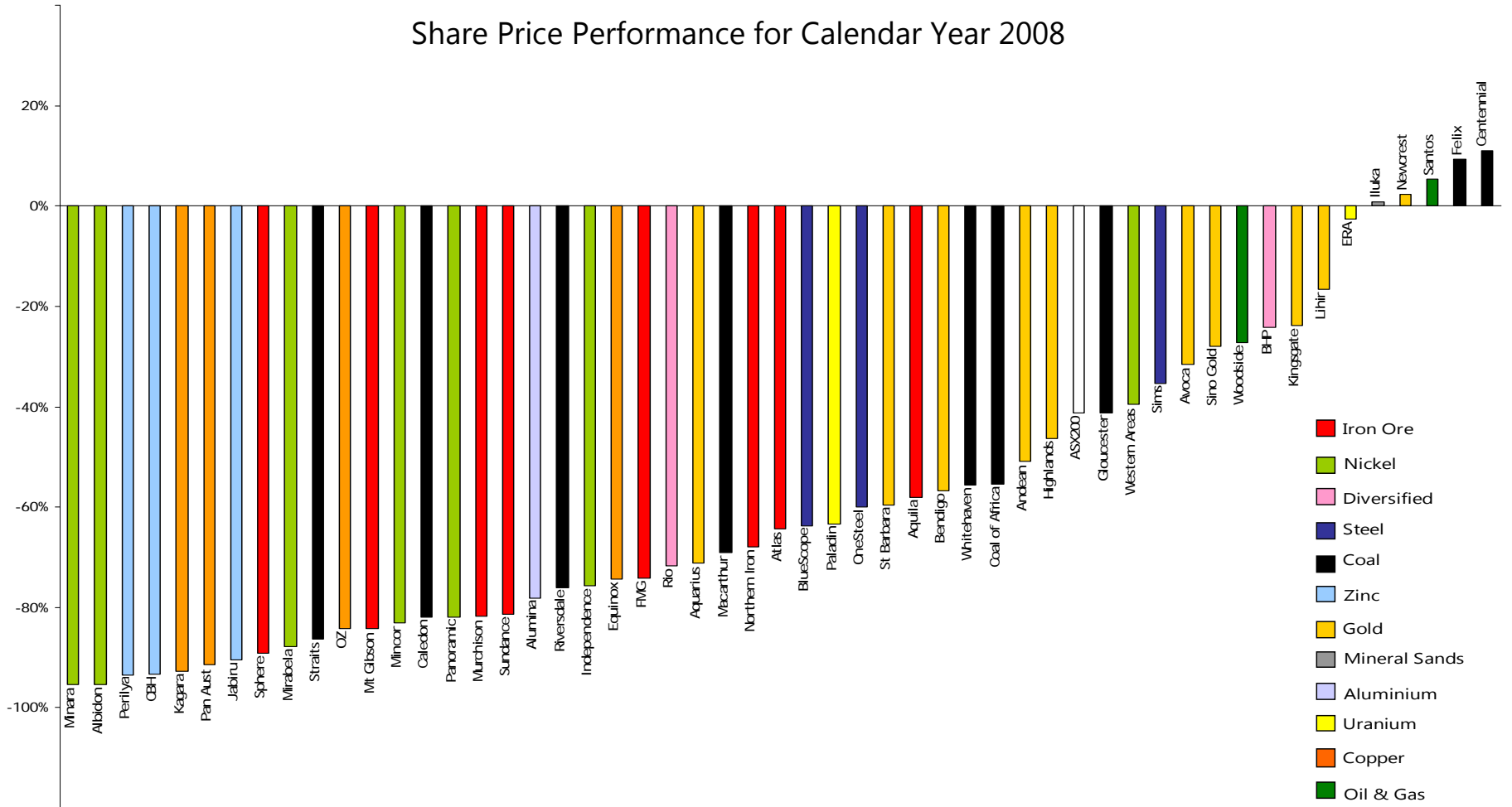
Location	C1 costs – 6 months to June 2008	C1 costs – 6 months to December 2008
Rosebery zinc	US27¢/lb	39.0¢/lb
Century zinc (excl. pre-strip)	US63¢/lb	56.1¢/lb
Golden Grove zinc	US39¢/lb	US38.1¢/lb
Sepon copper	US95¢/lb	US86¢/lb
Sepon gold	US\$537/oz	US\$504/oz

Notes: All costs based on Brook Hunt methodology except Sepon Gold which is NAGIS (North American Gold Industry Standard).



RELATIVE SHARE PRICE PERFORMANCE

Share Price Performance for Calendar Year 2008



Source: RBC Capital Markets



PROFIT & LOSS STATEMENT

For the full-year ended 31 December 2008 In AUD millions	Oz Minerals H1 2008	Oz Minerals H2 2008	OZ Minerals Full Year 2008
Revenue from continuing operations	509.6	(124.1)	879.2
EBITDA from continuing operations before individually significant items	203.9	(91.9)	240.6
Depreciation and amortisation	(56.9)	(28.7)	(212.5)
Net financing income/(costs)	(21.9)	(57.7)	(23.6)
Income tax benefit/(expense)	(49.2)	(12.9)	(113.4)
Minority interests	11.4	28.2	16.8
NPAT from continuing operations before individually significant items	87.3	(106.6)	(92.1)
Individually significant items:			
- Write-down of mineral rights	(532.5)	(183.3)	(715.8)
- Write-down of goodwill	(69.5)	9.5	(60.0)
- Write-down of property plant and equipment	(439.0)	(8.7)	(447.7)
- Write-down of equity accounted investments	(60.0)	(66.1)	(126.1)
- Write-down of available for sale financial assets	(5.0)	(27.0)	(32.0)
- Write-down of carrying value of other assets	(65.0)	65.0	-
- Expenses incurred in relation to the restructure	-	51.5	(30.8)
- Zinifex deferred tax liability reversal	201.1	(201.1)	-
- Merger expenses	(37.4)	15.70	(21.7)
NPAT from continuing operations after individually significant items	(432.4)	(1,058.1)	(1,526.2)

CASH FLOW STATEMENT

For the full-year ended 31 December 2008 In AUD millions	Oz Minerals H1 2008	Oz Minerals H2 2008	Oz Minerals Full Year 2008
Operating activities			
Receipts from customers	1,297.9	71.7	1,369.6
Payments to suppliers and employees	(1,037.8)	(289.1)	(1,326.9)
Exploration and evaluation payments	(18.8)	18.8	0.0
Income taxes paid	(212.1)	94.0	(118.1)
Financing costs and interest paid	(17.2)	(33.1)	(50.3)
Interest received	70.4	(43.3)	27.1
Net cash flows from operating activities	82.4	(181.0)	(98.6)
Investing activities			
Payments for mine property, property, plant and equipment and major cyclical maintenance	(787.3)	(625.3)	(1,412.6)
Proceeds from sale of property, plant and equipment	0.5	(0.5)	-
Acquisition of subsidiary, net of cash acquired	(844.9)	(1,975.4)	1,130.5
Proceeds from disposal of discontinued operations, net of cash disposed and selling costs	188.1	(188.1)	-
Payments for purchase of investments	(3.4)	(14.9)	(18.3)
Net cash flows from investing activities	(1,447.0)	1,146.6	(300.4)
Financing activities			
Proceeds from borrowings	389.3	132.7	522.0
Repayments from borrowings	(10.4)	(78.6)	(89.0)
Payments for shares purchased on-market	-	14.5	(14.5)
Re-purchase of own shares	(0.2)	0.2	-
Repayments for capitalised finance costs	(1.5)	1.5	-
Repayments for derivative financial instruments	(0.2)	0.2	-
Repayments of finance lease liabilities	(6.3)	6.3	(2.3)
Dividends paid to shareholders	(213.6)	47.1	(166.5)
Proceeds from issues of shares	43.1	(43.1)	-
Net cash (outflows) from financing activities	200.2	49.5	249.7
Net increase/(decrease) in cash held	(1,164.4)	1,015.1	(149.3)
Cash at the beginning of the year	2,474.1	(2,228.0)	246.1
Effects of exchange rate changes on foreign currency denominated cash balances	(32.9)	54.9	22.0
Cash at the end of the year	1,276.8	(1,158.0)	118.8

BALANCE SHEET

As at 31 December 2008	H1 2008	Full Year 2008
In AUD millions		
Current assets		
Cash and cash equivalents	1,233.8	69.8
Trade and other receivables	182.4	46.3
Inventories	268.5	223.6
Current tax receivable	56.0	77.1
Prepayments and other assets	27.2	15.9
Assets classified as held for sale	144.6	2,512.6
Total current assets	1,912.5	2,945.3
Non-current assets		
Available for sale financial assets	35.5	-
Investments	91.3	28.7
Property, plant and equipment	4,279.0	2,053.2
Intangible assets	577.9	4.6
Deferred tax assets	312.8	262.4
Other assets	45.9	21.7
Total non-current assets	5,342.4	2,370.6
Total assets	7,254.9	5,315.9
Current liabilities		
Trade and other payables	392.2	164.7
Interest-bearing liabilities	392.6	1,005.1
Current tax payable	92.0	122.0
Liabilities classified as held for sale	-	421.0
Provisions	40.8	37.6
Financial liabilities	2.2	0
Total current liabilities	919.8	1,750.4
Non-current liabilities		
Interest-bearing liabilities	524.7	144.7
Deferred tax liabilities	159.5	17.6
Provisions	195.3	173.2
Financial liabilities	2.8	-
Total non-current liabilities	882.3	335.5
Total liabilities	1,802.1	2,085.9
Net assets	5,452.8	3,230.0
Equity		
Issued capital	5,102.5	5,107.1
Reserves	(195.4)	227.0
Retained earnings	503.0	(2,152.0)
Minority interest	42.6	47.9
Total equity	5,452.8	3,230.0

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