OZ Minerals Limited

Ore Reserves Explanatory Notes

as at 30 June 2008

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SUMMARY

The OZ Minerals Group Ore Reserves (contained metal) as at 30 June 2008 are summarised in Table 1.

The gold, copper and nickel Ore Reserves are essentially unchanged from those reported in 2007, with new additions at Sepon and Prominent Hill replacing depletion from mining.

Zinc, silver and lead Ore Reserves have decreased. At Century and Rosebery reductions in Ore Reserves are essentially due to depletion from mining. At Golden Grove, the Ore Reserves have decreased nett of depletion by an additional 0.9 Mt of ore, equivalent to approximately 6 months of production.

Table 1 OZ Minerals Group Ore Reserves (Contained Metal) June 2008

	Gold (Moz)	Silver (Moz)	Copper (Mt)	Zinc (Mt)	Lead (Mt)	Nickel (Mt)
Martabe	2.22	29.71				
Sepon Gold	0.18	0.46				
Sepon Copper			0.79			
Prominent Hill	1.42	7.53	0.95			
Golden Grove	0.23	10.17	0.16	0.40	0.05	
Rosebery	0.18	13.23	0.01	0.42	0.12	
Century		29.50		4.32	0.43	
Avebury						0.04
Total Ore Reserves	**4.24**	**90.59**	**1.91**	**5.13**	**0.6**	**0.04**

Martabe

At Martabe in-fill drilling of near surface Resources since June 2007 has allowed 3.9 Mt of Ore Reserves to be classified as Proved. Apart from this, there are no material changes to the Ore Reserves from 2007 to 2008.

Sepon Gold

Additions to the Gold Ore Reserves at Sepon (primarily from the Houay Yeng deposit) have replaced depletion from mining since June 2007.

Sepon Copper

At Sepon, establishment of initial Copper Ore Reserves at the Phabing deposit and increases to Ore Reserves at the Thengkham North deposit have replaced depletion from mining at Khanong since June 2007

Prominent Hill

At Prominent Hill Copper Ore Reserves within the open pit have increased from 883 kt contained copper to 945 kt contained copper. Gold Ore Reserves have increased from 1,294 koz contained gold to 1,422 koz contained gold. Proved Ore Reserves have increased from 35.7 Mt of ore to 45.6 Mt of ore.

Golden Grove

At Golden Grove the 2008 Ore Reserve has decreased by approximately 1.1 Mt of ore nett of depletion since June 2007

Some 0.7 Mt of this reduction occurred as a result of a Resource review leading to interpretational changes and a downgrading of Resource classification to Inferred in some Gossan Hill zinc areas, primarily Amity and Hougoumont.

The 0.4 Mt reduction in copper Ore Reserves occurred as a result of the Resource review leading to interpretational changes in the A and Amity copper orebodies at Gossan Hill.

Rosebery

At Rosebery upgrading of Mineral Resources in the P, K and W lenses have replaced the majority of Ore Reserves depleted by mining. Since March 2007, Ore Reserves have decreased by 0.3 Mt of ore.

Century

At Century the Ore Reserves have reduced due to depletion from mining since March 2007.

Avebury

At Avebury, the Ore Reserves have decreased 33% in contained nickel from the previous Ore Reserve statement released in February 2008. The decrease is entirely due to an increase in the cut-off grade applied to the estimate.

1 MARTABE ORE RESERVES STATEMENT – 30 JUNE 2008

1.1 Introduction

The Martabe October 2008 Ore Reserves are derived from the gold and silver Mineral Resources at the Martabe project located on Sumatra in Indonesia, operated by PT Agincourt Resources.

In late 2007 the Ore Reserve Estimate was determined as part of the Martabe Project Bankable Feasibility Study (BFS). Following additional drilling in early 2008, the Mineral Resources and Ore Reserves were revised in June 2008. The Ore Reserve Estimate was prepared by Nigel Spicer of Coffey Mining Pty Ltd. The consultancy and engineering groups who contributed information to the BFS are summarised in Table 2.

The Resource model upon which the Ore Reserve is based uses the geological database as at 25 February 2008. The geological interpretation was based on data from 257 Diamond Drill holes (41,792m). No Reverse Circulation drilling was carried out.

Ordinary Kriging was used to estimate grades within the geological / metallurgical domains interpreted in the Resource block model.

The BFS considers the mining of the Purnama deposit only. Other potentially mineable Resources in nearby deposits have not been considered at this stage.

1.2 Results

The Ore Reserve is reported within the Purnama final open pit design prepared in June 2008. Table 2 summarises the Purnama Ore Reserves.

Table 2 Purnama Ore Reserve Statement, June 2008

Classification	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Au (Moz)	Ag (koz)
Proved	3.9	2.7	41.8	0.336	5.288
Probable	31.8	1.8	23.9	1.883	24.419
Total	**35.7**	**1.9**	**25.9**	**2.219**	**29.707**

Compared to the 2007 Ore Reserve estimate, in-fill drilling has upgraded the Mineral Resource classification in parts of near surface Resources and allowed 3.9 Mt of Ore Reserves to be classified as Proved. Apart from this, there are no material changes to the Ore Reserves from 2007 to 2008.

1.3 Compliance with JORC Code Assessment Criteria

This Ore Reserve statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

All information in this Statement which relates to the Martabe Ore Reserves is based on, and accurately reflects information compiled under the supervision of Nigel Spicer who is a member of the Australasian Institute of Mining and Metallurgy. Nigel Spicer is an employee of Coffey Mining Pty Ltd.

Nigel Spicer has the necessary experience relevant to the style of mineralisation, the type of deposit and the activity undertaken to qualify as a 'Competent Person' under the Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) – 2004 Edition, and has given his consent for the inclusion of the material in the form and context in which it appears.

The company, consultancy and engineering groups who have contributed information to the BFS, that are relevant to the Ore Reserve Estimate are summarised in Table 3.

Table 3 Contributors to the Martabe Bankable Feasibility Study

Resources	The Competent Persons for the Mineral Resource Estimate is Ingvar Kirchner of Coffey Mining Pty Ltd and Graham Petersen of PT Agincourt Resources.
Geotechnical	Golder Associates Pty Ltd. GHD Pty Ltd
Mining	Coffey Mining Pty Ltd
Metallurgy:	Intermet Engineering Pty Ltd
Infrastructure	Intermet Engineering Pty Ltd. Coffey Mining Pty Ltd.
Operating Costs	Intermet Engineering Pty Ltd. Coffey Mining Pty Ltd. PT Agincourt Resources
Environmental	PT Agincourt Resources. PT Environmental Resources Management Indonesia
Metal Prices	OZ Minerals

1.4 Key Points relating to the June 2008 Martabe Gold Ore Reserves Statement

1.4.1 Metal Prices

The Ore Reserve Estimates uses a gold price of US$700 per ounce and a silver price of US$11 per ounce.

1.4.2 Classification

The Ore Reserve Estimate is based on the Mineral Resource Estimate classified as Measured and Indicated after consideration of all mining, metallurgical, social, environmental and financial aspects of the operations. The Proved Ore Reserve has been derived from the Measured Mineral Resource and the Probable Ore Reserve has been derived from the Indicated Mineral Resource.

1.4.3 Mineral Resources Estimate

The Competent Persons for the Purnama gold and silver Mineral Resource estimate are Ingvar Kirchner of Coffey Mining Pty Ltd and Graham Petersen of PT Agincourt Resources.

The Resource model is based on the drillholes completed as at 25 February 2008. The initial geological interpretations were done by PT Agincourt Resources geologists. The lithological and alteration interpretations were revised for use as estimation domains by Coffey Mining. The domains serve as a constraint for block modelling and grade estimation. Two-metre downhole composites were generated from 257 diamond drillholes having predominantly PQ3 and HQ3 diameter core. Geostatistical analyses, variography and block modelling were undertaken by Coffey Mining. Estimation of gold and silver grades into the model utilised Ordinary Kriging methods.

Bulk densities are based on data from measurements of core using sealed core and immersion methods. Bulk densities were applied to the block model using average values based on lithology, with values ranging from 2.2g/cc to 2.6g/cc.

The Resource Estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation.

1.4.4 Cut-off Grade

The cut-off grade used for the Ore Reserve Estimate is the non-mining break-even grade taking into account mining recovery and dilution, metallurgical recovery, site costs, and royalties. Because the Resources are comprised of ore types with varying metallurgical recoveries the cut-off grade is expressed in equivalent plant recovered dollars per tonne. On this basis, the cut-off grade used for the Ore Reserve Estimate is US$13.46/t.

1.4.5 Mining Factors and Assumptions

The Ore Reserve Estimate is based on conventional open pit mining operations using drilling and blasting, and small excavators loading all wheel drive articulated trucks. The mining and recovery parameters reflect industry practices. The average assumed dilution is 10% and the assumed mining recovery is 95%.

1.4.6 Metallurgical Factors and Assumptions

The Ore Reserve Estimate use metallurgical recoveries that vary according to the four metallurgical ore types identified during the BFS. The average metallurgical gold recoveries for the four ore types vary between 55% and 80%. The average silver recovery for all the ore types is 52%.

2 SEPON ORE RESERVES STATEMENT – 30 JUNE 2008

2.1 Introduction

The Sepon June 2008 Ore Reserves statement are derived from the gold and copper Mineral Resources at the Sepon project in Laos, operated by Lane Xang Minerals Ltd (LXML).

The gold Reserves are based on closing stockpiles at the end of June 2008 and open pit mining of oxide Resources at the following deposits:

- Discovery East (DSE) B, & F;
- Discovery West (DSW);
- Namkok East (NKE) B;
- Vang Ngang East (VNE);
- Nalou (NLU);
- Phavat North (PVN);
- Houay Yeng (HYG);
- Khanong (KHN) gold cap (from the upper parts of the copper pit and now in stockpiles).

Further delineation and definitional drilling, and feasibility studies are currently being undertaken to determine the viability of mining the partially oxidised (POx) and primary gold Resources immediately below the oxide Mineral Resources and Ore Reserves.

The oxide gold Resource models that are the basis for the Ore Reserves are primarily based on grade control reverse circulation (RC) drilling at DSE, and DSW, whilst at VNE, NKE, NLU, HYG and PVN, the Resources are based on both resource definitional RC drilling and diamond drilling.

All oxide gold Resource models have been constructed using Ordinary Kriging methods to estimate gold grades into geologically interpreted gold domains.

The copper Ore Reserves are based on closing stockpiles at the end of June 2008 and open pit mining at the Khanong (KHN), Thengkham North (TKN) and Phabing (PHB) deposits. Further definitional drilling and feasibility studies are being undertaken to assess the Thengkham South deposits with a view to converting parts of their current Inferred Resources to Ore Reserves in 2009.

The KHN, TKN and PHB Resources are based on exploration RC and diamond drilling. At KHN there is RC grade control drilling in the upper parts of the deposit. In the copper Resource models, Ordinary Kriging methods were used to estimate copper grades into mineralisation domains. The main mineralisation domains are chalcocite, copper carbonate/oxide, limonite-clay and (gold bearing) gossan.

2.2 Results

The Gold Ore Reserves at Sepon as at 30 June 2008 are summarised in Table 4 and the Copper Ore Reserves are summarised in Table 5.

Table 4 Sepon Gold Ore Reserves 30 June 2008

Classification	Deposit	Tonnes (Mt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
Proved	Namkok East -B	0.13	0.96	4	6.26	26
	Nalou	0.26	1.61	13	3.40	28
	Discovery East - B	0.12	2.86	11	9.26	36
	Stockpiles	1.24	0.83	33	5.00	199
	Total Proved	**1.75**	**1.09**	**62**	**5.15**	**290**
Probable	Discovery East -B	0.06	2.41	5	3.96	8
	Discovery East -F	0.30	1.79	17	3.14	30
	Discovery West	0.10	3.7	12	2.93	9
	Phavath North	0.33	2.04	22	3.14	33
	Vang Ngang East	0.16	2.35	12	5.83	30
	Houay Yeng	0.40	4.04	52	4.40	57
	Total Probable	**1.35**	**2.75**	**119**	**3.85**	**167**
Total	**Total Ore Reserves**	**3.10**	**1.82**	**181**	**4.58**	**457**

Table 5 Sepon Copper Ore Reserves 30 June 2008

Classification	Deposit	Tonnes (Mt)	Cu (%)	Cu (kt)
Proved	Khanong	10.67	4.99	532
	Stockpiles	2.83	2.83	80
	Total Proved	**13.50**	**4.54**	**613**
Probable	Khanong	0.70	4.48	31
	Thengkham North	2.65	4.28	113
	Phabing	0.65	5.40	35
	Total Probable	**4.00**	**4.50**	**180**
Total	Khanong	11.37	9.47	564
	Thengkham North	2.65	4.28	113
	Phabing	0.65	5.40	35
	Stockpiles	2.83	2.83	80
	Total Ore Reserves	**17.50**	**4.53**	**792**

Compared to June 2007, additions to the Gold Ore Reserves (primarily from Houay Yeng) have replaced depletion from mining.

Similarly additions to the Copper Ore Reserves at Thengkham North and Phabing since June 2007 have replaced depletion from mining at Khanong.

2.3 Compliance with JORC Code Assessment Criteria

This Ore Reserve statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

All information in this Statement which relates to the Sepon Ore Reserves is based on, and accurately reflects information compiled under the supervision of Tony Macfarlane who is a Member of the Australasian Institute of Mining and Metallurgy. Tony Macfarlane is an employee of LXML.

Tony Macfarlane has the necessary experience relevant to the styles of mineralisation, the type of deposits and the activities undertaken to qualify as a 'Competent Person' under the Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) – 2004 Edition. He has given his consent for the inclusion of the material in the form and context in which it appears.

2.4 Key Points relating to the June 2008 Sepon Gold Ore Reserves Statement

2.4.1 Metal Prices

The Sepon Gold Ore Reserve estimate used a gold price of US$850 per ounce to reflect the short Ore Reserve life.

2.4.2 Classification

The Ore Reserve Estimate is based on the Mineral Resource Estimate classified as "Measured" and "Indicated" after consideration of all mining, metallurgical, social, environmental and financial aspects of the operations. The Proved Ore Reserve has been derived from the Measured Mineral Resource and the Probable Ore Reserve has been derived from the Indicated Mineral Resource.

2.4.3 Mineral Resources Estimate

The Competent Person for the Sepon non-primary gold Mineral Resource estimates is Paul Quigley of LXML.

The Resource model is based on the drillholes completed as at 30 June 2008. The geological interpretation, oxidation state, estimation domains, geostatistical analyses and block modelling were undertaken by LXML geologists. The domains serve as a constraint for block modelling and grade estimation. Estimation of grades into the models was carried out using Ordinary Kriging.

Bulk densities are based on data from measurements of core using wax immersion methods. Bulk density was estimated into the block models using average values based on lithology and oxidation state. The bulk density values range from 1.5g/cc to 2.1g/cc for copper mineralisation.

The Resource Estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation.

2.4.4 Cut-off Grade

The cut-off grades used in the Reserve Estimate vary between 0.67 to 0.83 g/t Au depending on metallurgical recovery and the haulage distance to the processing plant (refer to Table 3).

2.4.5 Mining Factors and Assumptions

The Ore Reserve Estimate is based on current open pit mining practices, which comprise drilling and blasting, and small to medium sized excavators loading articulated off-highway trucks.

The mining dilution and recovery parameters reflect current mining and general industry practices and ongoing reconciliations with mill production. The assumed mining dilution is 5% and the assumed mining recovery is 97.5%.

2.4.6 Metallurgical Factors and Assumptions

The Ore Reserve Estimate uses metallurgical recoveries of 80% and 87% based on historic performance (Table 6).

2.4.7 Site Operating Costs

The Ore Reserve Estimates take into account all site mining, processing and administration costs and royalties based on 2007 year-to-date performance.

Table 6 Sepon Gold Ore Reserve Cut-off Grades, Gold Prices and Metallurgical Recoveries

Deposit	Cut-off grade (g/t)	Gold Price ($/oz)	Metallurgical Recovery (%)
Namkok East -B	0.67	850	80
Nalou -A	0.77	850	80
Stockpiles	0.70	850	80
Discovery East - B	0.70	850	83
Discovery East -F	0.70	850	80
Discovery West	0.79	850	83
Phavath North	0.82	850	80
Vang Ngang East	0.83	850	80
Houay Yeng	0.69	850	87
KHN Gold Gossan	0.70	850	80

2.5 Key Points relating to the June 2008 Sepon Copper Ore Reserves Statement

2.5.1 Metal Prices

The copper metal price used for the Ore Reserve estimate is US$2.20/lb.

2.5.2 Classification

The Ore Reserve Estimate is based on the portions of the Mineral Resource Estimate classified as "Measured" and "Indicated" after consideration of all mining, metallurgical, social, environmental and financial aspects of the operations. The Proved Ore Reserve has been derived from the Measured Mineral Resource and the Probable Ore Reserve has been derived from the Indicated Mineral Resource.

2.5.3 Mineral Resources Estimate

The Competent Person for the Khanong Copper Mineral Resources is Duncan Hackman of Hackman & Associates Pty Ltd. The Competent Person for the Thengkham North and Phabing Copper Mineral Resources is Paul Quigley of LXML.

The Resource models are based on the drillholes completed as at 30 June 2008. Mineralogical / lithological domains served as a constraint for grade estimation. Estimation of grades into the models was carried out using Ordinary Kriging. Bulk densities are based on data from measurements of core using wax immersion methods. At Khanong, average density values were applied to the copper carbonate-oxide domain, and the structurally controlled chalcocite and copper carbonate-oxide mineralisation; in the chalcocite, limonite-clay, gossan and primary sulphide domains densities were applied by regression using either clay percentage and/or Fe grade. At Thengkham North and Phabing average density values were applied to all Resource domains.

Bulk densities are based on data from measurements of core using wax immersion methods. Bulk density was estimated into the block models using average values based on lithology and oxidation state. The average bulk density for gold mineralisation is 1.8g/cc.

The Resource Estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation.

2.5.4 Cut-off Grade

The cut-off grades for the copper Ore Reserve Estimate range from 1.2% up to 2.7% Cu, dependent upon metallurgical ore type and distance from the processing plant.

2.5.5 Mining Factors and Assumptions

The Ore Reserve Estimate is based on current open pit mining practices, which comprise drilling and blasting and small to medium sized excavators loading both articulated and rigid body off-highway trucks.

The mining dilution and recovery parameters reflect current mining and general industry practices. For Khanong and Phabing, mining dilution is 5% and mining recovery is 95%. For Thengkham North, mining dilution is 15% and mining recovery is 95%.

2.5.6 Metallurgical Factors and Assumptions

The Ore Reserves Estimate is based on 2008 process plant performance. The maximum metallurgical recoveries are 90% and 96% for chalcocite and carbonate ore respectively. Lower grade ores have metallurgical recoveries based on a constant tailings grade of 0.3% for chalcocite ores and 0.15% Cu for carbonate ores. The process plant uses whole-of-ore leaching followed by solvent extraction / electrowinning (SXEW) to produce copper cathode. The plant expansion to take capacity to 80,000t of copper per annum from 2.0 Mt per annum of ore was approved in November 2007. Following commencement of construction the expansion has since been suspended with further capital expenditure deferred until after 2009.

2.5.7 Site Operating Costs

The Ore Reserves take into account all site mining, processing, administration and marketing costs, and royalties based on 2007 year-to-date performance.

3 PROMINENT HILL ORE RESERVES STATEMENT – 30 JUNE 2008

3.1 Introduction

The Prominent Hill June 2008 Ore Reserves are derived from the copper-gold and gold-only Mineral Resources for the Prominent Hill deposit located 150km south-east of Coober Pedy, South Australia.

The June 2008 Ore Reserves Estimate updates the estimate made in June 2007. The first production of concentrate is due in January 2009.

During late 2007 and 2008 drilling to enhance and increase the Resource has largely focussed on areas outside the open pit, with some drilling near the base of the open pit upgrading 2007 Resources from Indicated to Measured and from Inferred to Indicated. As a result, there are only small changes in the Open Pit Ore Reserves Estimate for June 2007. These are due to minor changes in the classification and quantification of Mineral Resources within the open pit and to revised economic parameters.

The Resource model upon which the June 2008 Ore Reserve is based uses the geological database as at 6 August, 2008. The geological model extends 2000m along strike east to west, and covers the 300-400m width of the mineralized horizons to a depth of 1300m

The June 2008 Resource model uses Ordinary Kriging to estimate grades into geological domains. Resources were estimated for both the copper-gold mineralisation and the gold-only mineralisation in the deposit.

3.2 Results

The Ore Reserve is reported within the current final open pit design (S4_D3) prepared during 2007, and confirmed during the 2008 Reserve update. Table 7 summarises the Prominent Hill Ore Reserve.

Table 7 Prominent Hill Ore Reserves, June 2008

Classification	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (koz)	Ag (koz)
Proved	45.6	1.55	0.52	3.67	706	755	5,380
Probable	26.8	0.89	0.77	2.49	238	667	2,145
Total	**72.4**	**1.31**	**0.61**	**3.23**	**945**	**1,422**	**7,525**

Compared to the 2007 Ore Reserves, copper Ore Reserves have increased from 883 kt contained copper to 945 kt contained copper. Gold Ore Reserves have increased from 1294 koz contained gold to 1422 koz contained gold. Proved Ore Reserves have increased from 35.7 Mt of ore to 45.6 Mt of ore.

3.3 Compliance with the JORC Code Assessment Criteria

This Ore Reserve statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

The information in this report that relates to Ore Reserves is based on information compiled by David Goodchild. David Goodchild is a Member of the Australasian Institute of Mining and Metallurgy and an employee of Oz Minerals Ltd. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2004 Edition of the JORC Code. He has given his consent for the inclusion of the material in the form and context in which it appears.

3.4 Key points relating to the Prominent Hill June 2008 Ore Reserves Estimate

3.4.1 Metal Prices

The Ore Reserve estimate uses metal prices of US$2.20/lb (US$4850/t) for copper, US$700/oz for gold and US$11.00/oz for silver and an exchange rate of A$1.00 = US$0.75.

3.4.2 Classification

The Ore Reserve Estimate is based on the Mineral Resource contained within the final open pit design classified as "Measured" and "Indicated" after consideration of all mining, metallurgical, social, environmental and financial aspects of the project. All Proved Ore Reserve has been derived from the Measured Mineral Resource and all Probable Ore Reserve has been derived from the Indicated Mineral Resource.

3.4.3 Resource Estimate

The Competent Persons for the Mineral Resource Estimate are Patrick Say and Jared Broome of Oz Minerals Ltd.

The Resource model is based on the geological database as at 6 August 2008, the geological interpretation and solid modelling of the geology by Patrick Say of Oz Minerals Limited. Block model construction and grade estimation were undertaken by Patrick Say and Jared Broome of Oz Minerals Limited using Vulcan™ software.

The geological model extends 2000m along strike East to West and covers the 300-400m width of the mineralized horizons to a depth of 1300m.

Sample data was composited to five (5) metre intervals and flagged by the domains defined in the geological interpretation. Ordinary Kriging was used to estimate grades within the geological domains. Resources were estimated for both the coincident copper-gold mineralisation and the contiguous gold-only mineralisation in the deposit.

Bulk Density factors were assigned for each domain using a polynomial regression based on Fe assay data and bulk density measurements undertaken on all sampled ore. The average bulk density of the haematitic host breccias is estimated to be 3.38.

The Resource estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation.

3.4.4 Cut-off Grade

The cut-off grade used for the Ore Reserve Estimate is the non-mining break-even grade taking into account mining recovery and dilution, metallurgical recovery, all site costs, concentrate transport costs, concentrate treatment and refinery charges, and royalties. Expressed as Nett Smelter Return (NSR) or mine gate value, the cut-off grade used for the Ore Reserve Estimate is A$13.85/t.

3.4.5 Mining Factors and Assumptions

The Ore Reserve Estimate is based on conventional open pit mining operation using drilling and blasting, and large excavators loading off-highway trucks. The mining and recovery parameters are those used in the Ore Reserve Estimate of 2007 and reflect industry practices. The average dilution is 5% and the mining recovery is 98.5%.

3.4.6 Metallurgical Factors and Assumptions

The Ore Reserve Estimate is based on an 8 Mtpa process plant producing copper-gold concentrate. Metallurgical recoveries based on the BFS test work have been applied to three copper-gold ore types and one gold-only ore type. The copper recoveries for the ore types are between 80% and 88%, and the gold recoveries for the ore types are between 63% and 86%.

3.4.7 Marketing Terms

The Ore Reserve Estimate uses Oz Minerals forecasts for overland and sea transport, smelter deductions, and treatment and refining charges. The smelter charges used in the estimate are US$80/t of concentrate. The refining charges used in the estimate are US$0.08/lb of copper and US$6.00/ounce of gold.

4 GOLDEN GROVE ORE RESERVES STATEMENT – 30 JUNE 2008

4.1 Introduction

The Golden Grove June 2008 Ore Reserves statement is derived from the primary zinc and copper Mineral Resources at the Scuddles and Gossan Hill deposits located 450 northeast of Perth, Western Australia.

The Resource models upon which the Ore Reserve is based use the geological database as at 30 June 2008.

The majority of the Resources comprise primary zinc and copper mineralisation in and around the Scuddles and Gossan Hill underground operations. At this stage, Ore Reserves have been estimated for primary zinc and copper Resources only. The oxide gold and copper Resources are the subject of ongoing feasibility studies.

Resource block modelling and Reserve estimation for primary zinc and copper mineralisation follows similar procedures to those adopted in previous years. Geological domains, generated using drill information and mine development where available, serve as constraints for block modelling and grade estimation. Estimation of grades and densities into the block models are carried out using Ordinary Kriging and inverse distance squared techniques.

Since the Resource Estimate in 2007, a major review of geological interpretations, triangulations of the interpretations and grade estimation parameters was undertaken. While Resource estimation procedures remain unchanged, changes resulting from this review and further in-fill drilling have resulted in reductions to the 2008 Resources in some areas compared to 2007, and this has impacted the estimate of Ore Reserves, particularly at Gossan Hill,

Detailed stope and development designs using the 2008 Resource models form the basis for the Reserve estimate.

4.2 Results

The Ore Reserves at Golden Grove as at 30 June 2008 are summarised in Table 8.

Table 8 Total Ore Reserve 30 June 2008

Classification	Commodity	Mine	Tonnes Mt	Cu %	Pb %	Zn %	Ag g/t	Au g/t
Proved	Primary Zinc	Gossan Hill	1.59	0.34	1.48	14.14	77	1.91
	Primary Copper		1.79	3.66	0.03	0.41	15	0.35
	Primary Zinc	Scuddles	0.18	0.45	0.71	9.53	76	0.84
	Primary Copper		0.58	3.26	0.02	0.24	12	0.33
	Total Proved		**4.13**	**2.19**	**0.62**	**6.06**	**41**	**0.97**
Probable	Primary Zinc	Gossan Hill	1.05	0.37	2.1	13.11	106	2.18
	Primary Copper		1.23	3.56	0.04	0.47	21	0.57
	Primary Zinc	Scuddles	0.04	0.34	0.86	9.83	85	0.78
	Primary Copper		0.71	2.84	0.02	0.19	9	0.30
	Total Probable		**3.03**	**2.25**	**0.76**	**4.90**	**48**	**1.07**
Total	Primary Zinc	Gossan Hill	2.64	0.35	1.73	13.73	89	2.02
	Primary Copper		3.02	3.62	0.03	0.43	17	0.44
	Primary Zinc	Scuddles	0.21	0.43	0.73	9.58	78	0.83
	Primary Copper		1.29	3.03	0.02	0.21	10	0.31
	Total Ore Reserves		**7.16**	**2.21**	**0.68**	**5.57**	**44**	**1.01**

Table 9 compares the June 2008 Ore Reserve with the previous Ore Reserve as at 30 June 2007.

Table 9 Comparison of 30 June 2008 Ore Reserve with 30 June 2007 Ore Reserve (Total Proved plus Probable Reserves)

	30 June 2008		30 June 2007	
Commodity	**Tonnes (Mt)**	**Grade (%)**	**Tonnes (Mt)**	**Grade (%)**
Primary Zinc	2.85	13.42	4.5	13.1
Primary Copper	4.31	3.44	5.3	3.4

Compared to the 2007 Ore Reserve, the 2008 Ore Reserve has decreased by approximately 1.1 Mt nett of depletion.

Some 0.7 Mt of this reduction occurred as a result of the infill drilling and the Resource review noted above. This has lead to interpretational changes and a re-classification from the Indicated to Inferred Mineral Resource categories in some Gossan Hill zinc areas, primarily Amity and Hougoumont. Further evaluation is required to upgrade confidence of these Mineral Resources prior to assessing the potential for conversion to Ore Reserves.

Similarly the 0.4 Mt reduction in copper Ore Reserves occurred as a result of the Resource review leading to interpretational changes in the A and Amity copper orebodies at Gossan Hill.

4.3 Compliance with JORC Code Assessment Criteria

This Ore Reserve statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

All information in this Statement which relates to the Ore Reserves is based on, and accurately reflects information compiled under the supervision of Elizabeth Jones and Peter Balka, and was reviewed by Nick Mosenthal. All are employees of Oz Minerals Ltd.

Nick Mosenthal and Peter Balka are Members of the Australasian Institute of Mining and Metallurgy and have the necessary experience relevant to the styles of mineralisation, the type of deposits and the activities undertaken to qualify as a 'Competent Person' under the Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) – 2004 Edition.

Each of the Competent Persons has given their consent for the inclusion of the material in the form and context in which it appears.

4.4 Key Points relating to the Golden Grove June 2008 Ore Reserve Statement

4.4.1 Metal Prices

The Metal Prices and exchange rate used for the Ore Reserve estimate are as follows:

Metal	Unit	Price
Zinc	US$/lb	1.00
Copper	US$/lb	2.20
Lead	US$/lb	0.50
Gold	US$/oz	700
Silver	US$/oz	11.00
Exchange rate	A$/US$	0.75

4.4.2 Classification

The Ore Reserve Estimate is based on the Mineral Resource Estimate classified as "Measured" and "Indicated" after consideration of all mining, metallurgical, social, environmental and financial aspects of the operations. The Proved Ore Reserves have been derived from the Measured Mineral Resource and the Probable Ore Reserves have been derived from the Indicated Mineral Resource.

4.4.3 Mineral Resources Estimate

The Competent Person for the Golden Grove primary zinc and copper Mineral Resources is Chevaun Gellie of OZ Minerals Gold Grove Ltd.

The Resource model is based on the geological database as at 30 June 2008. Estimation follows similar procedures to those used in previous years. Geological and mineralogical domains have been generated using the drill-hole information, supported by mine development where available. The domains serve as a constraint for block modelling and grade estimation. Estimation of grades into the models was carried out using Ordinary Kriging and inverse distance squared techniques.

Bulk densities are based on data from measurements of core using a gravimetric method. In the primary zinc and copper Resources, bulk density is interpolated into the block model using the same methods as for the grade estimation. The bulk density values range from 2.8g/cc to 4.4g/cc and average 3.6g/cc.

The Resource Estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation.

4.4.4 Cut-off Grade

The cut-off grade used for the Ore Reserves Estimate varies at each of the operations. Expressed as Nett Smelter Return (NSR) or mine gate value, the cut-off grade used for the Ore Reserves at Gossan Hill is A$110/t. At Scuddles the Ore Reserves use a cut-off grade of A$100/t.

4.4.5 Mining Factors and Assumptions

The Ore Reserve Estimate is based on current mining practices, which comprise long-hole open stoping that varies according to the characteristics of each mining area. At Gossan Hill, ore is hauled to surface in 55t capacity haul trucks. At Scuddles, ore is hoisted to surface using the existing hoisting shaft.

All stopes and access development were designed using Vulcan™ mining software. The minimum stope dimensions are approximately 3 metres wide, 20 metres high (floor to floor) and 15 metres along strike.

The mining dilution and recovery parameters are based on ongoing reconciliations with mill production. The mining dilution is 10% for copper and 15% for zinc, and the mining recovery is 95% for both copper and zinc

4.4.6 Metallurgical Factors and Assumptions

The Ore Reserve Estimate is based on the process plant producing copper, zinc and high precious metal (HPM) concentrates. Metallurgical recoveries based on past performance have been applied. The copper recovery is approximately 90% and the zinc recovery is approximately 92%.

4.4.7 Marketing Terms

The Ore Reserve Estimate uses OZ forecasts for overland and sea transport, smelter deductions, and treatment and refining charges. The smelter charges used in the estimate are US$80/t of copper concentrates and US$275/t for zinc and US$200 high precious metals (HPM) lead concentrates. The refining charges used in the estimate are US$0.08/lb of copper.

5 ROSEBERY ORE RESERVES STATEMENT – 30 JUNE 2008

5.1 Introduction

This statement refers to base and precious metal Ore Reserves and Mineral Resources located at the Rosebery Mine on the West Coast of Tasmania.

The Ore Reserves are derived from Mineral Resources using the geological database current at the 30 June 2008.

The Ore Reserves are located in the Rosebery underground mine, and based on detailed development and stoping designs. Stope and panel designs are economically evaluated according to current metal price and recent operational cost data.

Resource estimation methodology for base and precious metal mineralisation follows similar procedures to those adopted in previous years. Block models are constrained by high and low grade geological domains, generated from diamond drilling data. Ordinary Kriging and inverse distance squared interpolation techniques are used to populate block models with metal grade information.

Statement

The total Ore Reserve inventory as at 30 June 2008 for OZ Rosebery Mine is summarised in Table 10.

Table 10 Total Ore Reserve 30 June 2008

Classification	Tonnes (Mt)	Zn%	Pb%	Cu%	Ag g/t	Au g/t
Proved	2.52	13.40	3.69	0.38	131	1.74
Probable	1.00	8.29	2.32	0.27	85	1.26
Total	**3.52**	**11.9**	**3.30**	**0.35**	**117**	**1.60**

In June 2007, the OZ Rosebery Ore Reserve was reported to be 3.82Mt @ 11.9% Zn. Depletion due to mining in the financial year ending June 08 was 0.766 Mt. The current Ore Reserves of 3.52 Mt indicates Resource upgrades have replaced the majority of mining depletion.

5.2 Compliance with JORC Code Assessment Criteria

This Ore Reserve statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

All information in this Statement that relates to the Ore Reserves is based on, and accurately reflects information compiled by Trevor Ellice who is a full time employee of OZ Rosebery and

member of AusIMM, and reviewed by Geoff Newling, a member of AusIMM and an employee of Akis Holdings Pty Ltd.

Geoff Newling, the competent person for the Ore Reserves, has the necessary experience relevant to the style of mineralisation, the type of deposit and the activity undertaken to qualify as a 'Competent Person' under the Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) – 2004 Edition. He has given his consent for the inclusion of the material in the form and context in which it appears.

5.3 Key Points relating to the Rosebery September 2008 Ore Reserve Statement

5.3.1 Metal Prices

The Metal Prices and exchange rate used for the Ore Reserve estimate are as follows:

Metal	Unit	Price
Zinc	US$/lb	1.00
Copper	US$/lb	2.20
Lead	US$/lb	0.50
Gold	US$/oz	700
Silver	US$/oz	11.00
Exchange rate	A$/US$	0.75

5.3.2 Classification

The Ore Reserve Estimate is generated by applying the metallurgical, social, environmental and financial aspects of the operations (the modifying factors) on that portion of the Mineral Resource Estimate, classified as "Measured" and "Indicated". The Proved Ore Reserves are derived from Measured Mineral Resources and the Probable Ore Reserves are derived from Indicated Mineral Resources.

5.3.3 Mineral Resources Estimate

Resource block modelling and reserve estimation of base and precious metal mineralisation follows similar procedures to those adopted in previous years. Block models are constrained using high and low grade geological domains generated from diamond drilling information. Metal grades are estimated into block models using the using Ordinary Kriging and inverse distance squared techniques.

Density data is calculated from estimated metal grades, which has been verified by experimental data. The average bulk density is estimated to be 3.4g/cc.

Data density, continuity of mineralisation and confidence in the geological interpretation has been used to assign the confidence categories of measured, indicated and inferred to all mineral

resources. Only those mineral resources classed as measured and indicated are used to generate Proved and Probable Ore Reserves, respectively.

The Competent Person for Mineral Resources at Rosebery is Trevor Ellice, Chief Geologist who is a member of the AusIMM and has the relevant experience in this style of mineralisation to qualify as a 'Competent Person' under the Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) – 2004 Edition. The competent person for resources is a full time employee of OZ Rosebery and consents to the inclusion of material in this report and context in which it appears.

5.3.4 Cut-off Grade

The cut-off grade for Ore Reserves is expressed as NRPT (Net Revenue per Tonne) and is revised periodically, currently the cut-off grade for stoping material is $175/t and for development material the cut-off is $90/t.

5.3.5 Mining Factors and Assumptions

The Ore Reserve Estimate is based on current mining practices, which comprise long-hole open stoping that varies according to the characteristics of each mining area. Ore is hauled to the surface by 55t trucks.

All stopes and access development were designed using Datamine™ mining software. The minimum stope dimensions are approximately 2-3 metres wide, 20 metres high (floor to floor) and 20 metres along strike.

The mining dilution and recovery factors are based on Cavity Monitoring System (CMS) measurements to accurately survey the excavated void against design parameters. The factors are reviewed regularly and applied, specific to mining lens. Mine to mill reconciliation are calculated monthly and no mine call factors are applied.

5.3.6 Metallurgical Factors and Assumptions

The Ore Reserve Estimate is based on the process plant producing copper and zinc concentrates, and gold dore. Metallurgical recoveries based on past performance are applied during the calculation of NRPT.

5.3.7 Marketing Terms

The Ore Reserve Estimate uses OZ forecasts for overland and sea transport, smelter deductions, and treatment and refining charges. The long term smelter charges used in the estimate are US$80/t for copper, US$230/t for zinc and US$290 for lead concentrates. The refining charges used in the estimate are US$0.08/lb of copper.

6 CENTURY ORE RESERVES STATEMENT – 30 JUNE 2008

6.1 Introduction

This OZ Century Ore Reserve report covers the Zinc-Lead-Silver Century Deposit located approximately 250km north-west of Mount Isa in North Queensland.

This Ore Reserve is based on the April 2008 block model developed with Snowden Mining Consultants (Snowden). This model incorporates change in classification of peripheral blocks as well as blocks adjacent to major internal structures.

The April 2008 block model is based upon the geological database as of 31 January 2008. It includes over 1000 diamond drill holes of which 421 contained valid intersections used in estimation. Since the completion of this block model no further drilling has been completed to further define the ore body. Ordinary Kriging is used in the block model to estimate grades contained within different stratigraphic units.

The Mine Call Factors (MCFs) generated from reconciliations of Model data against Milled figures over a 48 month period ending 31 March 2008, were applied to the Resource to develop a Reserve. Reserves were depleted using end of period surveys generated by the OZ Century Mine survey team.

6.2 Results

The Ore Reserve Estimate at the OZ Century Mine as of the 30th June 2008 is summarised in Table 11.

Table 11 Century Ore Reserve Estimate as at the 30th June 2008

Classification	Tonnes (Mt)	Zn %	Pb %	Ag g/t
Proved	30.8	10.8	1.1	22
Probable	9.6	10.3	1.0	25
Total	**40.4**	**10.7**	**1.1**	**23**

The OZ Century Reserve remaining has been calculated from the April 2008 Resource model and run of mine stockpile. Mine call factors derived from reconciliation of the Resource Model with mill production over a 48-month period have been applied to the Resource to convert to a Reserve.

6.3 Compliance with the JORC Code Assessment Criteria

This Ore Reserve statement has been compiled in accordance with the guidelines defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

The information in this report that relates to Ore Reserves is based on the information compiled by and as reported upon by Mr Johan Botha, an employee of OZ Minerals, who is a member of the Australasian Institute of Mining and Metallurgy and the Engineering Council of South Africa (ECSA). He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the JORC code. He has given his consent for the inclusion of the material in the form and context in which it appears.

6.4 Key Points to the OZ Century June 2008 Ore Reserves Estimate

6.4.1 Metal Prices

The metal prices used in the Ore Reserve estimate are US$ 0.98/lb (US$2,150/t) for zinc, US$0.50/lb (US$1,100/t) for lead and US$12.50/oz for silver and an exchange rate of 0.85 A$/US$.

6.4.2 Classification

The Ore Reserves Estimate is based on the Mineral Resource contained within the final open pit design classified as "Measured" and "Indicated" after consideration of all mining, metallurgical, social, environmental and financial aspects of the project. All Proved Ore Reserve has been derived from the Measured Mineral Resource and all Probable Ore Reserve has been derived from the Indicated Mineral Resource.

6.4.3 Resource Estimate

The competent person for the Mineral Resource estimate was Mr Stefan Mujdrica of Snowden.

The Resource model is based upon the geological database as of 31st January 2008 and geological interpretation from OZ Century Mine Geologists. Block model construction and grade estimation were completed by Paul Habermann and Stefan Mujdrica of Snowden, using Vulcan Software.

The geological interpretation was based on over 1000 diamond drill holes (421 of which contained valid intersections used for grade estimation), geophysical probe data and data from geological pit mapping.

Sample data was from assays of drill core from which composites were derived for the stratigraphic units. Ordinary Kriging was used to estimate grades within these units.

Block Bulk Density was assigned for each stratigraphic unit by calculating a stoichiometric density of composites, applying a correction factor for porosity (based on grab sample results) and estimating the corrected stoichiometric density using Ordinary Kriging. The average bulk density is estimated to be 2.8g/cc.

6.4.4 Cut-off Grade

The Cut-Off Grade used for the Ore Reserve Estimate is the non-mining break-even grade taking into account mining and metallurgical recovery, concentrate transport costs, concentrate treatment

and refinery charges and royalties. Expressed as a Zinc Equivalent with Lead factors (ZnEq = Zn + 0.371Pb), the cut-off grade used for the Ore Reserve estimate is 3.61% ZnEq.

6.4.5 Mining Factors and Assumptions

The Ore Reserve Estimate is based on conventional open pit mining operation using drilling and blasting with large excavators loading off-highway trucks.

The Resource estimated from the model was converted into an Ore Reserve by using the Mine Call Factors (MCFs) calculated from reconciliation of mining to mill production for the 48-month period ending 31 March 2008 (Table 12).

Table 12 MCFs Calculated from a 48 Month Reconciliation of the April 2008 Model

Attribute	MCF
Tonnes	0.976
Zn Grade	0.886
Pb Grade	0.919
Ag Grade	0.895

The ROM stockpile data at 30 June 2008 was derived from the Geology Stockpile management spreadsheet (Table 13). The ROM stockpile tonnes were estimated using aerial surveys and modular truck count data. The grades were estimated using dilution-adjusted grades from the short term Resource model.

Table 13 ROM Stockpile Reserves as at 30 June 2008

Category	Tonnes (Mt)	Zn %	Pb %	Ag g/t
Proved	0.6	12.9	1.8	35

6.4.6 Metallurgical Factors and Assumptions

The Ore Reserve estimate is based on a 5.7 Mtpa process plant producing Zinc and Lead concentrates. Metallurgical recoveries assumed are 80.5% for Zinc and 62.0% for Lead

6.4.7 Marketing Terms

The Ore Reserve estimate uses OZ Minerals forecasts for overland and sea transport, smelter deductions and treatment and refining charges. The treatment and refining charges used in this estimate are US$230.00/t for zinc concentrate and US$290.00/t for lead concentrate.

7 AVEBURY ORE RESERVES STATEMENT – 30 JUNE 2008

7.1 Introduction

This Avebury Ore Reserve Statement is derived from the nickel Mineral Resource for the Avebury deposit located 10km west of Zeehan, Tasmania. This ore reserve estimate updates the estimate of 31st of March 2007.

This latest Ore Reserve release represents a 33% decrease in contained nickel from the previous Ore Reserve released by Allegiance Mining NL in February 2008. The decrease in contained nickel is entirely due to an increase in the cut-off grade applied to the Ore Reserve estimate. Overall ore tonnes have decreased by approximately 38% and the grade has increased from 0.96% to 1.04% nickel. The Ore Reserves have been estimated assuming mechanised mining methods commensurate with the expanding Resource base. A full outline of the Reserve estimation process and key assumptions is described below

7.2 Results

The current Ore Reserve is restricted to the central portion of the Mineral Resources at the Avebury Nickel Mine. Resources are known to extend over a strike length exceeding two kilometres but only those resources drilled in detail from underground openings have been estimated as Ore Reserves at this time. The current Avebury Ore Reserve extends along strike for 600 metres and to 500 metres depth below the surface. Table 14 summarises the Avebury Ore Reserve.

Table 14 Avebury Ore Reserve - June 2008

Classification	Tonnes (Mt)	Ni %	Ni (kt)
Proved	1.35	0.94	12.7
Probable	2.27	1.10	24.9
Total	**3.62**	**1.04**	**37.6**

7.3 Compliance with the JORC Code Assessment Criteria

This resource report was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Mr Alan Fudge a consultant to Allegiance Metals Pty Ltd and Principal of Polberro Consulting. He is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM"); has a minimum of thirty years experience as a mining engineer, and more than ten years experience in the estimation, assessment and evaluation of Ore Reserves of this style and is the Competent Person as defined in the JORC Code. This statement accurately summarises and fairly reports his estimations and he has consented in writing to the inclusion of the Reserve report in the form and context in which it appears.

7.4 Key points relating to the Avebury June 2008 Ore Reserve Estimate

7.4.1 Metal Prices

The metal prices used in the Ore Reserve estimate were $6.50/lb nickel at an exchange rate of 0.70 A$/US$.

7.4.2 Classification

The Ore Reserve Estimate is based on the Mineral Resource classified as "Measured" and "Indicated" after consideration of all mining, metallurgical, social, environmental and financial aspects of the project. The Proved Ore Reserves have been derived from the Measured Mineral Resource and the Probable Ore Reserves have been derived from the Indicated Mineral Resource.

7.4.3 Resource Estimate

The competent person for the Resource Estimate was Tim Callaghan of Allegiance Metals Pty Ltd (now OZ Minerals Avebury Mine).

The resource is based on all available information to December 2007. All resources quoted in this report were estimated from 3 dimensional block models created with Surpac Software. Mineral Resources are modelled on geological boundaries and /or a minimum 0.4% Ni cut-off boundary which approximates the natural break between nickel mineralisation and background grades. Ni, As and Co grades were interpolated using an Ordinary Kriging algorithm for all resources used in the reserve estimate. Geostatistical parameters for resource estimation were derived by Quantitative Geoscience consultants of Perth.

Nickel mineralisation at Avebury is hosted in two rock types, each with distinct bulk density properties. Bulk Density values were interpolated using an indicator technique and inverse distance squared algorithm. Bulk density values range from 2.8g/cc to 3.2g/cc with an estimated average of 3.0g/cc.

7.4.4 Cut-off Grade

A cut-off grade of 0.8% nickel has been applied in this Ore Reserve statement. This is commensurate with the mechanised mining methods employed at Avebury.

7.4.5 Mining Factors and Assumptions

Ore Reserves are assumed to be recovered from 3 mining methods as follows:

1 Development Ore – Ore produced from mine development and may be subject to planned dilution so as to position the ore drives for optimum practical stope extraction.

2. Bench Stoping Ore – Ore produced from "longitudinal bench stopes" oriented along the strike direction of the orebody where the orebody is up to 8 metres wide.

3. Open Stoping Ore – Ore produced from "transverse open stopes" oriented across the strike direction of the orebody where the orebody width is generally greater than 8m.

Three-dimensional outlines of mining stopes were designed using the current Resource Model using standard proprietary mining software. A minimum mining width of 3 metres was applied. Where the ore lens average width was less than 3 metres the shape was excluded from the estimation, even though some high grade narrow ore lenses could be mined in future. Mining outlines were drawn to reflect the planned dilution that could reasonably be expected in obtaining viable stoping and development shapes and locations. Ore recovery rates and unplanned dilution and fill dilution were estimated based on industry averages and included in the estimate as follows:

Ore Recovery

- Development 98% Recovery;
- Bench Stoping 95% Recovery;
- Open Stoping 97% Recovery.

Unplanned Dilution (in addition to the planned dilution within the mining outlines):

- Development - 3%
- Bench Stoping - 3.75% for backfill plus 1m width on both the footwall and hangingwall.
- Open Stoping - 3.75% for backfill plus 1m width on both the footwall and hangingwall.

Note that unplanned dilution is conservatively assumed to be material with zero nickel content and is twice that assumed in the March 2007 estimate.

7.4.6 Metallurgical Factors and Assumptions

The Ore Reserve Estimate is based on a 900 ktpa process plant producing nickel concentrate. Nickel recoveries are expected to be 70%.

7.4.7 Marketing Terms

A standard purchase and sale of nickel concentrate agreement exists between Allegiance Mining and the Jinchuan Group for concentrates produced at Avebury. Payment terms applied to the Ore Reserve estimate is 72% of contained nickel in concentrate.