

30 March 2020

COVID-19 update: production continuity, reduction in growth capital and other expenditure

- No production impacts experienced to date at OZ Minerals' mine sites following global COVID-19 outbreak
- Guided full year production metrics unchanged at this stage based on current operating conditions
- Business review undertaken with 2020 spend refocussed to critical low-cost metal production and preservation of jobs
 - ~\$150 million deferral in overall growth capital, exploration and study expenditure, along with general company-wide cost savings, with flexibility to defer beyond 2021 if required
- Net cash positive at end February with existing \$300 million revolving debt facility providing operating liquidity and optionality
- Carrapateena plant ramp-up progressing ahead of plan
- Sites operating with core front line operators and leadership teams; over 85% of Prominent Hill and Carrapateena site workforce South Australia based
- No material change currently experienced in concentrate demand or shipping schedules for 2020 and site supply chains remain largely unaffected to date

OZ Minerals Chief Executive Andrew Cole today provided the following update regarding the Company's response and preparedness in respect of the implications of COVID-19:

Health and Safety

"The health and wellbeing of our employees and other stakeholders continues to be our priority as we plan for and adapt our activities to the changing dynamics of the evolving COVID-19 pandemic. We are fully compliant with the Government's instructions and advice in both Australia and Brazil and provide regular updates to our people, contractors and other relevant parties.

"To date we have not experienced any significant disruptions at our sites, however plans are in place to respond should conditions deteriorate. Whilst the circumstances remain fluid, an extensive range of preventative and contingency measures have been actioned across the company to ensure our employees remain safe and our sites continue to operate. We have also been working with our stakeholders to ensure they are safe, healthy and coping under these difficult conditions.

"Our cultural investment over the past five years is paying off and our teams have remained calm and continue to perform well. The introduction of flexible work arrangements for much of our non-frontline workforce over the past 18 months has also allowed a relatively seamless transition to the current remote working environment. With over 85% of our Australian sites' workforce based in South Australia, the recently announced South Australian border closures will have limited impact on the continued operation of Carrapateena and Prominent Hill, with all non-frontline functions already working remotely. We have planned for a range of scenarios including operating with a South Australian workforce only, extending rosters to enable isolation of sites through to "care and maintenance". As we develop our action plans our overarching objectives are the health and safety of our people, job protection and liquidity. Our Brazil workforce is locally based and not currently experiencing border or other movement restrictions.

"The Company triggered its crisis management plans in early February which introduced a range of international and domestic travel and other restrictions. Our mines are operating with only core front-line personnel and leadership teams on site, with site partitioning and social distancing initiatives, revised rosters and remote working running smoothly. Our sites are also able to isolate, conduct initial testing and track interactions of our personnel in the event of symptoms of COVID-19 being presented, with several such tests already performed and proving negative."

Below are the results of the business review, an update on operations and outlook commentary:

Business review and capital requirements

With a net cash positive position at the end of February and existing \$300 million revolving debt facility provided by a consortium of leading domestic and international banks, sufficient liquidity is available to fund the operations in the current fluid environment. The current climate creates both opportunities and threats, and a focus on operational performance will continue to strengthen the Company's position and allow a response to the most value accretive options.

Nevertheless, in light of the COVID-19 pandemic health implications and travel restrictions, a prudent and extensive review of all growth, exploration and other expenditure has been undertaken with the objective of protecting our people and protecting and maintaining low cost metal production at our operating assets. As a result, certain growth-related activities have been postponed. Impacted employees will be retained and reassigned to optimise the business which will allow the rapid restart of these activities and pursuit of opportunities as they arise.

Following the review, overall 2020 cash spend has at this stage been reduced by circa \$150 million. Savings come from both capital and operating costs along with an overall reduction in corporate administration costs, ensuring a robust growth pipeline is maintained whilst conserving cash in the short to medium term to provide balance sheet resilience.

Outcomes of the review include:

- Prominent Hill low risk and non-time critical capital deferred to 2021; expansion study work to continue as planned

- Carrapateena mine strategy biased towards level ore development and undercut (first level) ore production, and maintenance of metal recoveries and production. Significant capital expenditure has been deferred to 2021 with no material consequence to ramp-up
- Carrapateena expansion pre-feasibility study (PFS) due for release mid-2020; should the project proceed to feasibility study, low cost set-up activities will take place in 2020 with no impact on block cave timing
- Pedra Branca and Antas to continue contract mining this year; equipment acquisition delayed indefinitely with move to contract fleet
- West Musgrave PFS released – go forward path being assessed resulting in minimal spend in 2020; approvals process to continue
- All non-essential travel, consulting and ancillary costs removed across the company
- \$4 million stakeholder support fund to be established

The final fully franked dividend for 2019 of 15 cents per share was paid on 26 March as planned.

Changes implemented following this review will further strengthen the current robust financial position. The Company's project timeline is expected to be updated with the Q1 report when information on the effectiveness of global COVID-19 preventative measures and further potential impacts to the broader operating environment should be emerging. Any changes that may be required to the Carrapateena extended guidance will also be provided at that time.

This review represents the Company's stage one response and additional plans are in place, ready for activation if required aimed at protecting people and cash preservation. The environment is dynamic and the Company continues to assess the requirement for additional cash conservation measures on a daily basis.

Operations

Carrapateena plant ramp-up is progressing ahead of plan, having achieved nameplate throughput rate for sustained periods within the first month since commissioning. A five day continuous period at 12,000t/day (nameplate) was achieved in March, and subsequent to this, an operating day saw 13,000t milled in 24 hours. In addition, the plant has seen strong early metal recoveries averaging over 90% for copper and 85% for gold. Underground development is well progressed and following the COVID-19 business review, a re-sequencing of the mine to accelerate Run of Mine ore stockpile build has been implemented in preparation for any potential worsening of conditions. The current ore stockpile stands at ~305kt. The first containers of concentrate have been trucked to the port, awaiting further concentrate for a first bulk shipment to customers in Q2. In line with previously provided guidance, Carrapateena production is expected to progressively increase through the second half of the year to reach 4.25Mtpa run rates by year-end.

Prominent Hill has continued its reliable, high grade, low cost production and is operating to expectation with no significant disruptions to date. No changes are currently foreseen to existing production guidance. Should the requirement arise to operate our mining activities on a substantially reduced workforce, approximately 18 million tonnes of stockpiled ore is available for processing which could be largely managed from our remote operations facilities in Adelaide.

In the **Carajás**, Antas is operating well and Pedra Branca decline construction remains on schedule for first development ore in mid-2020.

To date there has not been any material change in concentrate demand or shipping schedules for 2020, with delivery into our long term diversified sales agreements largely unaffected. A detailed assessment of availability and logistics in relation to all key consumables on sites has been undertaken and no major disruptions to supply are currently being experienced. However, as the global health and border control response to COVID-19 continues to evolve, we are closely monitoring all our customers and supply chains, ready to action any response plans as required.

Copper market

The A\$ copper price has proved resilient against a deteriorating US\$ spot price, and with the vast majority of the core Australian operations' cost base being A\$ sourced, the lower A\$ has provided an effective hedge against US\$ based revenues.

Despite the present global economic uncertainty, the Company's positive view of the long-term fundamentals of copper has not changed. Demand for copper intensive items such as air conditioners and cars has begun to improve in China in recent weeks, whilst the broader market has also been impacted by the temporary reduction in copper concentrate supply from major producing countries in South America and Africa.

Outlook

OZ Minerals is a low-cost copper producer with a strong balance sheet and is well placed to manage through this difficult period.

Existing production guidance is maintained on the basis of the current operating environment and government restrictions. Additional government measures may have the effect of curtailing or shutting down production and scenarios are being assessed that seek to protect our people's health, preserve jobs and the Company's liquidity should such measures be applied. In these circumstances annual production guidance would need to be reconsidered or withdrawn.

Updated guidance detailing the ~\$150 million reduction across C1 costs, growth and other expenditure for 2020 is provided in the table below. OZ Minerals is conscious that it is difficult to predict the future impact of the COVID-19 pandemic and will keep the market informed should circumstances materially change.

Additional information on the measures OZ Minerals is taking to minimise the risk to our people, visitors and sites from the COVID-19 pandemic can be found at the following link: www.ozminerals.com/covid-19-update/

Note that due to the COVID-19 pandemic, OZ Minerals shareholders are not permitted to attend the Annual General Meeting in person on 17 April, but may attend via the virtual AGM, instructions for which were provided with the Notice of Annual General Meeting dated 16 March 2020.

GUIDANCE	2020			
	PROMINENT HILL	CARRAPATEENA	CARAJÁS	TOTAL
Copper Production (tonnes)	55,000-65,000	20,000-25,000	8,000-10,000	83,000-100,000
Gold Production (ounces)	165,000-185,000	35,000-40,000	7,000-9,000	207,000-234,000
Underground Ore Movement (Mt)	3.7-4.0	2.0-2.6		
Sustaining Capital Expenditure (A\$M)				
- Mine Development	40-50	15-20	-	55-70
- Site	20-30 (25-35) ↓	9-12 (15-20) ↓	5-8	34-50 (45-63) ↓
Growth Capital Expenditure (A\$M)				
- Mine Development	-	110-125 (115-130) ↓	10-15	120-140 (125-145) ↓
- Other	17-22	75-85 ^{3,4} (125-140) ↓	35-40 (65-70) ↓	127-147 (207-232) ↓
AISC (US c/lb) ²	60-70 (80-90) ↓	235-260 ⁴ (245-270) ↓	215-235 (225-245) ↓	115-130 (135-150) ↓
C1 Costs (US c/lb) ²	5-15 ¹ (15-25) ↓	175-195 ^{1,4} (180-200) ↓	155-175 (165-185) ↓	60-75 (70-85) ↓
Exploration (A\$M)				15-20 (25-30) ↓
Project studies to next stage gate (A\$M)				30-35⁵ (35-40) ↓

Note: Figures in brackets denote previously issued guidance.

- 1 US dollar denominated C1 costs for Prominent Hill will benefit by US2.5c and Carrapateena will benefit by US3.0c per US1c reduction in the AUD/USD exchange rate.
- 2 AUD/USD of 0.68 has been used in converting A\$ costs to US\$ and assumed gold price of US\$1,350/oz for C1 and AISC guidance
- 3 Excludes deferred consideration of US\$50million which will become payable in H2 2020 provided certain milestones are met, in addition to growth capital
- 4 Revenue and associated direct processing and selling costs for the ~295kt of stockpiled development ore will be offset against pre-production capital and is excluded from the 2020 operating and capital expenditure guidance
- 5 Reflects anticipated expenditure on Board approved studies to their next milestone. Should the Board approve a project to proceed to a further milestone, additional funds will be incurred and guidance will be updated as required. Projects with funding milestones during 2020 include West Musgrave, Carrapateena and Prominent Hill expansions, Carajás opportunities and CentroGold. It is expected ~60% of expenditure will be expensed in the current year.

This announcement is authorised for market release by OZ Minerals' Managing Director and CEO, Andrew Cole.

For further information, please contact:

Investors

Tom Dixon

T 61 8 8229 6628

M 61 450 541 389

tom.dixon@ozminerals.com

Media

Sharon Lam

T 61 8 8229 6627

M 61 0438 544 937

sharon.lam@ozminerals.com