

Third Quarter Report 2016

FOR THE THREE MONTHS ENDING 30 SEPTEMBER 2016

OZ Minerals Contained Metal Production	FY 2016 Guidance	Mar Q1 2016	Jun Q2 2016	Sep Q3 2016	Sep YTD 2016
Total Copper (Tonnes)	115,000 - 125,000	31,018	27,350	28,756	87,124
Total Gold (Ounces)	115,000 - 120,000	27,563	30,099	28,466	86,128
C1 Cash Costs (US cents/lb)	70 - 80	75.3	72.0	70.7	72.7

Copper guidance achieved for eighth successive quarter

- Copper production up five per cent on previous quarter
- Gold production guidance for 2016 revised to 115,000 - 120,000 ounces following extended Prominent Hill power outage. All other guidance confirmed
- C1 costs of US 70.7c/lb at lower end of guidance range; annualised procurement cost savings increased to \$29 million
- Shareholder buyback of \$19.1 million and \$18.2 million in dividends paid during the quarter
- Tjati Decline underway and on schedule at Carrapateena while scoping study for West Musgrave project launched as OZ Minerals builds its growth pipeline

"It's positive that we've been able to hit copper guidance for the eighth successive quarter given adverse weather and power interruptions," said OZ Minerals CEO Andrew Cole.

Following our ASX update to the market on October 3rd in relation to the Prominent Hill power outage, gold production guidance has been revised.

OZ Minerals has been communicating with Government at all levels regarding both the outage and wider issue of ongoing power security and is encouraged by the level of engagement to date.

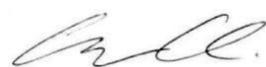
The last quarter has demonstrated the ability of the business to be agile in responding to unexpected events. Nor did managing these events slow progress in other areas of the business.

The box cut at Carrapateena has been completed and construction of the Tjati Decline is well underway.

Our growth strategy of developing multiple copper-focused assets saw us launch a scoping study for the West Musgrave project and undertake drilling in Queensland and Western Australia with our respective JV partners.

Our focus on capital discipline has seen our C1 costs decrease by over six per cent since the start of this year with the business on track to deliver \$40 million in annualised procurement savings.

As momentum across the business continues to grow, in the coming weeks the company will release key announcements on the Carrapateena Pre-feasibility study and Prominent Hill Mineral Resource and Reserve update," said Mr Cole.



Andrew Cole, Managing Director and CEO

SAFETY

OZ Minerals' total recordable injury frequency rate per million hours worked was 6.30 at the end of September 2016 compared to 5.81 at the end of the prior quarter. The increase was primarily attributable to the underground with the rest of the operation showing significant improvement during the quarter. An integrated safety improvement plan incorporating safety leadership development training and safety behaviours program has been implemented with increased safety support resources deployed to Prominent Hill.

The site wide health and well-being program was launched during the quarter with an external contract partner assisting with physical conditioning plans and mitigation of daily physical impact on the body. Voluntary health checks were heavily subscribed across site with the overall program goal targeting improved personal health outcomes, leading to less absenteeism and a more productive workforce.

PROMINENT HILL OPERATIONS

Overview

Prominent Hill continued its strong performance with 28,756 tonnes of copper production for the quarter, in line with full year guidance.

Gold production of 28,466 ounces was lower than the prior quarter due to the preferential treatment of copper ore.

The impacts of the South Australian blackouts and extended loss of power to Prominent Hill from 28 September resulted in 56 hours of lost production during the quarter. While open pit operations were unaffected during this time, underground ore production was restricted and processing halted entirely until power was restored on 13 October. The effects of the outage will be primarily realised in the final quarter of 2016 with a resulting revision to 2016 full year gold production guidance from 125,000 - 135,000 ounces to 115,000 - 120,000 ounces.

A significantly higher than average number of weather events during the quarter resulted in 98 hours of lost open pit production and 16 days impact on concentrate transport.

The final planned processing plant shutdown for 2016 was completed safely and ahead of schedule during the quarter.

For operating and cost statistics please refer to Tables 1 and 2 on pages 7 and 8 of this report.

Mining

Open Pit

Ore mined in the quarter was 3.0Mt, consisting of 2.6Mt of copper-gold ore and 0.4Mt of gold only ore. Waste material movement of 3.0Mt was in line with the prior quarter. Total movement was impacted by a predicted localised geotechnical basement event and adverse weather.

The strip ratio increased to 1:1 from 0.8:1 in the prior quarter as a result of a short term variance associated with planned face advance development, but remains within full year guidance of circa 1:1.

An open pit benchmarking study conducted by AMC confirmed that costs per tonne remained in line or only marginally increased year on year despite a significantly lower material movement. Hauling unit costs were within the first quartile when using effective flat haul metrics. Unit costs were largely influenced by longer average haul distances. Excavator operating hours remain in the first quartile of performance with further opportunities identified in blasting and auxiliary equipment cost profiles.

A continued focus on production efficiency improvements of the run-of-mine (ROM) rehandle fleet led to a circa 10 per cent reduction in rehandle costs quarter on quarter. This will be an important ongoing focus across future periods as the

stockpiles are processed. Life of Mine dewatering infrastructure which was installed and tested during the quarter will help mitigate the impact of any potential high volume rainfall events during and post open pit mine completion.

Underground Operations

Underground operations delivered high grade copper ore of 513kt at 2.29 per cent copper, with annual ore production remaining on track to meet guidance.

Waste movement remained in line with previous quarters. Paste filling increased by 10 per cent quarter on quarter with a focus on increasing plant utilisation.

The underground truck and loader fleet were increased by one unit respectively during the quarter, to support the planned growth profile of the underground operation.

Long term underground ventilation infrastructure development into the open pit has been accelerated to improve ventilation circuit effectiveness and enable temporary ore haulage access during Q4. Some underground ore will be tipped in the pit and hauled to the ROM utilising the larger scale open pit fleet, accelerating underground ore production during this period.

The second decline access progressed on schedule with 552 metres of decline development (672 metres inclusive of associated infrastructure development) completed to date. Development remains on track for completion in Q4 2017.

A cable bolting drill rig arrived on site and was operational during the quarter, reducing significant manual handling risk. Mine infrastructure and haul road improvements continued, targeting productivity improvements and equipment wear. Successful trials of the development explosives and mesh were completed in the quarter, with cost saving product changes implemented.

Processing

There were 2.4Mt of ore milled for the quarter, which was six per cent higher than the prior quarter despite the unplanned shutdown from the power outage.

The final planned processing plant shutdown for 2016 was completed safely and ahead of schedule during the quarter with maintenance activities (SAG mill girth gear, mill thickener tank works) brought forward during the unplanned shutdown.

The repaired SAG mill girth gear has continued to perform well with the replacement girth gear despatched to site in October.

Plant recoveries continued to be high at 86 per cent for copper and 72 per cent for gold. Copper content in concentrate produced was higher than the prior quarter at 48 per cent.

Costs

Prominent Hill continues to operate in the bottom cost quartile. C1 cash costs for the quarter were US 70.7c/lb, at the lower end of the full year guidance range of US 70 - 80c/lb. Year to date C1 cost is US 72.7c/lb.

Costs were lower than the prior quarter with lower mining costs and a larger mining deferral, partially offset by a smaller inventory adjustment, slightly higher TCRC and transport costs and smaller by product credit.

Open pit mining unit costs were lower at A\$6.30/t for the quarter with ongoing efficiency improvements delivering cost savings. Costs are expected to remain within full year guidance of \$6.40 - \$6.60/t. The strip ratio was 1:1, which was an increase from 0.8:1 in the prior quarter and resulted in a larger mining cost deferral.

Underground operating costs of \$53/t mined were higher than the prior quarter due to lower ore tonnes mined and higher operating activity in development.

While ore stockpiles continued to grow during the quarter, the increase was smaller due to higher milling and lower ore mining.

A lower depreciation expense was incurred this quarter with less tonnes mined and consequent lower depreciation of the mine property development assets.

Sales and Marketing

Shipments of Prominent Hill concentrates for the quarter totalled 62,527 dry metric tonnes, containing 30,075 tonnes copper, 28,857 ounces of gold and 216,135 ounces of silver.

CARRAPATEENA PROJECT

The Carrapateena project continued to gain momentum during the quarter. PYBAR Mining Services mobilised to site and construction of the boxcut was completed on schedule. The first firing of the decline itself was undertaken on 29 September.

The prefeasibility study (PFS) has progressed ahead of schedule and is expected to be completed in November. PFS level engineering of the mine, process plant and supporting infrastructure is now complete, market pricing has been undertaken and an update to the cost estimation is underway. The study is focused on the development of a 4 million tonnes per annum sub level cave mine and on site concentrator producing a copper concentrate for transport to an off-site concentrate treatment plant (CTP) where it will be upgraded to produce the highest grade copper concentrate in the world.

Community consultation has commenced in preparation for mining lease submission and the Kokatha partnering agreement is also progressing well.

Feasibility level engineering of the concentrate treatment plant continued. The two autoclaves were ordered and manufacture has commenced. These are the two longest lead items.

Unaudited expenditure for Q3 relating to the Carrapateena project was \$13.8 million. As previously announced all Carrapateena expenditure is being capitalised from 1 July 2016.

GLOBAL EXPLORATION

Australian Exploration

Drilling commenced at the Mt Woods JV during the quarter, targeting four geophysical features within 30km of Prominent Hill. The first of two drill holes targeting the Orion geophysical anomaly were completed and intersected a wide graphitic schist with pyrite and pyrrhotite but with no appreciable base metal mineralisation. The drill rig has now moved to drill the second hole on the Orion geophysical anomaly and will then continue to drill the Bellatrix, and Jupiter prospects. The ground based geophysical survey program was completed in Q3. The EM and IP program focussed on the following prospects: Andromeda, Taurus, Mercury and Jupiter.

The Eloise JV drill tested the two strong EM conductors that were identified at the Iris Prospect, located approximately 5km northeast of the Eloise copper-gold mine. The Iris North target lies at a depth of 100m with a modelled strike of 250m, depth extent of 600m and conductance of 1500 Siemens (S). The Iris South target lies at a depth of 135m with a modelled strike of 400m, depth extent of 120m and conductance of 3200 S.

Drilling intersected narrow quartz-pyrrhotite-chalcopyrite breccia's and wide zones of veinlet / stringer hosted chalcopyrite in each of the holes at positions as predicted from modelling of the EM data. OZ Minerals considers the breccia texture and sulphide mineralogy in each hole to share a strong visual similarity to those developed at the nearby Eloise copper-gold deposit. Encouraged by the initial results, OZ Minerals has approved a further work program consisting of 1,500m of diamond core drilling and an infill EM program.

The seven exploration licences in the Coompana province of far west of South Australia were granted by the South Australian government and Mithril Resources (JV partner) commenced target generation work. The 6,435km² province is considered prospective for copper-nickel magmatic sulphides and further high resolution geophysics survey, sponsored by the South Australian Department of State Development, is expected to be conducted later this year.

No activity was undertaken on the Yandal One JV with Toro Energy.

Jamaica: Bellas Gate (70 per cent, Potential earn-in to 80 per cent, Rodinia JV (Potential earn-in to 80 per cent) and 100% held projects

OZ Minerals announced in Q3 that it is withdrawing from its Jamaican exploration joint ventures at Bellas Gate and Rodinia and has entered into a Heads of Agreement to transfer all interests in Jamaica to Carube Copper Corp. OZ Minerals will retain exposure to further exploration success via deferred cash payments and royalties.

A comprehensive technical review determined that while copper porphyry style mineralisation was identified at multiple prospects, the intersected grades were not indicative of the types of deposits the company is targeting. Capital discipline is a core part of OZ Minerals strategy and while the Jamaican exploration programs were completed on time and budget, the company has decided not to invest further in the program.

West Musgrave Project

Following the Heads of Agreement signed with Cassini Resources to earn up to 70% of the West Musgrave project, a joint venture agreement was formalised in October.

The West Musgrave project comprises the Nebo-Babel nickel and copper sulphide deposit and the Succoth copper deposit. The deal commits OZ Minerals to funding a \$3 million detailed scoping study to identify an optimised pathway to commercialisation which commenced during the quarter. A key focus of the scoping study will be the development of a geometallurgical model for the Nebo-Babel deposit which will determine the scale of future mining operations, with assessment of options around infrastructure for the site.

Unaudited exploration expenditure for Q3 was \$2.6 million.

CORPORATE

The \$60 million share buyback program remained on track with a further \$19.1 million spent during the quarter. A total of 4.3 million shares have been repurchased in the program for \$26.2 million at an average share price of \$6.04.

The gold hedging strategy implemented in April was extended by another 19,119 ounces during the quarter, bringing the total amount of gold hedged to 190,319 ounces. Full exposure to the spot gold price continues to be maintained until mid-2018.

The interim dividend of six cents per share was paid in September for a total of \$18.1 million.

Corporate Information

Webcast

As is OZ Minerals' established practice, a presentation associated with this Quarterly Report will be broadcast at 10am (AEST) on the day that the Report is lodged with the ASX. Access to this live broadcast is available to all interested parties via the OZ Minerals website (www.ozminerals.com) and is archived on the website shortly thereafter for ongoing public access. The date of each Quarterly Report presentation is announced in advance and can be found on the OZ Minerals' website.

While we will endeavour to release the Report on the date provided in advance, we may bring the announcement forward if the relevant information is finalised earlier than expected or delay the Report if information is not final.

Issued Share Capital at 20 October 2016

Ordinary Shares	299,123,238
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Share Price Activity for the September Quarter (Closing Price)

High \$7.00
Low \$5.68
Last \$5.89 (20 October 2016)
Average daily volume 2.3 million shares

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OZ Minerals Prominent Hill Production and Costs

Table 1: Operating Statistics

		Q1 2016	Q2 2016	Q3 2016	YTD 2016
MINED (TONNES)	MALU OP COPPER-GOLD ORE	3,876,362	2,920,342	2,586,136	9,382,840
	MALU OP GOLD-ONLY ORE	634,576	735,938	420,715	1,791,229
	UNDERGROUND TOTAL ORE	498,470	530,871	513,329	1,542,670
	WASTE	5,914,866	2,973,644	2,996,644	11,885,154
MINED GRADE - SOURCE					
MALU OP - COPPER-GOLD ORE	COPPER (%)	1.12	0.99	1.05	1.06
	GOLD (G/T)	0.46	0.57	0.46	0.49
MALU OP - GOLD-ONLY ORE	COPPER (%)	0.11	0.10	0.18	0.12
	GOLD (G/T)	1.08	0.95	0.91	0.99
UNDERGROUND - TOTAL ORE	COPPER (%)	2.07	1.94	2.29	2.00
	GOLD (G/T)	0.41	0.55	0.62	0.53
ORE MILLED	(TONNES)	2,534,402	2,260,325	2,387,951	7,182,678
MILLED GRADE	COPPER (%)	1.40	1.42	1.40	1.40
	GOLD (G/T)	0.46	0.58	0.51	0.52
	SILVER (G/T)	3.63	3.92	3.70	3.75
RECOVERY	COPPER (%)	87.7	85.3	86.2	86.4
	GOLD (%)	73.4	71.8	72.0	72.4
	SILVER (%)	71.3	72.5	72.0	71.9
COPPER CONCENTRATE PRODUCED	TONNES	60,936	58,160	60,184	179,280
CONCENTRATE GRADE	COPPER (%)	50.9	47.0	47.8	48.6
	GOLD (G/T)	14.1	16.1	14.7	14.9
	SILVER (G/T)	107.7	110.5	105.8	108.0
CONTAINED METAL IN CONCENTRATES PRODUCED	COPPER (TONNES)	31,018	27,350	28,756	87,124
	GOLD (OZ)	27,563	30,099	28,466	86,128
	SILVER (OZ)	210,975	206,704	204,625	622,304
TOTAL CONCENTRATE SOLD	(DM TONNES)	48,530	60,994	62,527	172,051

Table 2: Operating Costs ('C1 Costs')

US Cents per pound	Q1 2016	Q2 2016	Q3 2016	YTD 2016
Mining costs	98.3	88.2	80.0	89.1
Deferred mining	(20.2)	(4.4)	(10.3)	(12.0)
Ore inventory adjustment	(23.4)	(25.9)	(17.7)	(22.2)
Total Mining costs	54.7	57.9	52.0	54.9
Site processing costs	22.9	27.9	27.5	26.0
TC/RC and transport	41.7	45.3	48.4	45.1
Net By - Product credit	(51.0)	(67.1)	(64.7)	(60.6)
Other direct cash costs	7.0	8.0	7.5	7.3
Total C1 costs	75.3	72.0	70.7	72.7
Royalties	11.7	12.6	12.6	12.3
Other indirect costs	3.7	2.2	3.1	3.1
Total cash costs	90.7	86.8	86.4	88.1
D&A	104.4	108.4	92.4	101.7
Other non-cash costs (D&A capitalised into inventory)	(44.1)	(49.9)	(28.3)	(40.7)
Net realisable value adj. - low grade gold ore	0.0	3.2	3.7	2.3
Total production costs	151.1	148.5	154.2	151.4

Table 4: Guidance

GUIDANCE	2016	2017	2018	2019
PROMINENT HILL:				
COPPER PRODUCTION*	115,000 to 125,000 TONNES	105,000 to 115,000 TONNES	85,000 to 95,000 TONNES	65,000 to 75,000 TONNES
GOLD PRODUCTION*	115,000 to 120,000 OUNCES***	125,000 to 135,000 OUNCES	140,000 to 150,000 OUNCES	150,000 to 160,000 OUNCES
OPEN PIT TOTAL MOVEMENT	30MT to 35MT	15Mt to 20MT	< 5MT	
OPEN PIT STRIP RATIO	CIRCA 1.0 TIMES	CIRCA 0.5 TIMES	CIRCA 0.25 TIMES	
OPEN PIT UNIT MINING COSTS**	\$6.40 - \$6.60/TONNE			
UNDERGROUND ORE MOVEMENT	2.0 - 2.2MT			
UNDERGROUND UNIT MINING COSTS**	\$45 TO \$55/TONNE			
UNDERGROUND CAPITAL EXPENDITURE	\$65M - \$75M (INC DEVELOPMENT)			
SITE SUSTAINING CAPITAL EXPENDITURE	\$15 TO \$20 MILLION			
C1 COSTS (OP & UG)	US 70c - US 80c/lb			
OTHER:				
EXPLORATION	\$10 - \$15 MILLION			

The above Production Targets were first set out in the market release 'Record production sets scene for dividends and growth' created on 10 February 2016 and is available at: http://www.ozminerals.com/uploads/media/160210_ASX_Release_2015_Full_Year_Results.pdf

*** Gold production guidance revised in October 2016 from 125,000 – 135,000 ounces following extended power outage at Prominent Hill

** Open Pit Unit Mining Costs include geology costs. Underground Unit Mining Costs include geology costs and exclude underground capital expenditure

*** Production Targets Cautionary Statement**

Production targets are based on:

Classification	2016-2019 Total
Total Reserve	90%
Proved	40%
Probable	50%
Mine Plan Outside of Reserve	10%
Measured	1%
Indicated	1%
Inferred	5%
Unclassified	3%

There is a low level of geological confidence associated with inferred mineral resources. There is no certainty that further exploration work and studies will result in the conversion of the mineral resources into ore reserves or that the production targets will be realised.

The Ore Reserve and Mineral Resource estimates underpinning the production targets were prepared by Competent Persons in accordance with the JORC Code 2012. The production targets are the result of detailed studies based on the actual performance of our existing mines and processing plant. These studies include the assessment of mining, metallurgical, ore processing, marketing, government, legal, environmental, economic and social factors.

Further information on Prominent Hill Mineral Resources and Ore Reserves is available in the Annual Resource and Reserve Update for Prominent Hill released to the ASX on 4 November 2015 which is available on the OZ Minerals website:

http://www.ozminerals.com/uploads/media/151104_ASX_Release_Prominent_Hill_Mineral_Resources_and_Reserves_Statement..pdf

OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in that market and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. OZ Minerals confirms that the form and context in which the findings of the Competent Person (Colin Lollo in relation to the Mineral Resource estimates and Justin Taylor in relation to the Ore Reserve estimates) are presented have not been materially modified from the original market announcement