

7 NOVEMBER 2016

Confidence in Carrapateena project grows

- Carrapateena Pre-Feasibility Study released - project competitive with, or better than comparable long-life copper assets globally
- Project metrics improved or in line with Scoping Study with capex of \$980 million including contingency
- Estimated annual production rate lifts to 61,000 tonnes of copper and 63,000 ounces of gold. Projected Life of Mine revenue of \$10.6 billionⁱ & ⁱⁱ
- All-in sustaining cost over LOM circa US\$0.92/lb
- Optionality to expand mining operations given resource prospects

OZ Minerals has today released its Pre-Feasibility Study (PFS) for its proposed \$980 million Carrapateena underground copper mine and Concentrate Treatment Plant project.

Project metrics, including the estimated capex of \$980 million including contingency, are in line with the Scoping Study.

OZ Minerals CEO Andrew Cole commented:

“The Carrapateena PFS highlights that this project is competitive with, or better than, other global long-life copper assets at a similar stage of development.

Today’s study lifts the proposed annual production rate to 61,000 tonnes of copper and 63,000 ounces of gold with the mine operating 20-plus years at an estimated average production rate of four million tonnes per annum.

The building of the Concentrate Treatment Plant (CTP) will allow us to add further value in delivering to our global customers a premium product with high copper content and low impurities.

The regional infrastructure we intend to build to support the Carrapateena project will have the additional benefit of opening up new opportunities in what is a highly prospective region.

This is not only the largest new mining project underway in Australia, it is also one that can be funded from our existing cash flows if we so wish. At current consensus pricing the project could also pay for itself within four years of commissioning.

With the project’s robust economics, lift in projected output and the lowering of production costs, our confidence in developing a world-class asset for shareholders and wider stakeholders grows by the day.”

Pre-Feasibility Study highlights:

The executive summary of the PFS considers the development of the Carrapateena ore-body and builds upon an extensive bank of prior work. It concludes that development of the orebody is technically achievable and provides the business case for development. The study also sets out the execution strategy and associated risk and opportunity profile.

Key production and financial highlights from the PFS include:

- A 4Mtpa sub-level cave mining operation.
- Average annual production of over 100,000 dry metric tonnes of copper concentrate post treatment in the CTP.
- Average annual production rate of 61,000 tonnes of copper and 63,000 ounces of gold at the proposed production rate.
- Mine life 20+ years from a plant operating at a production rate of 4 Mtpa.
- Estimated pre-production capital cost of \$830 million, excluding CTP including owner's cost and contingency.
- Projected Net Cash Flow of \$3.6 billion, including capital expenditure.
- Expected revenue over Life of Mine of \$10.6 billion.
- A Net Present Value at 9.5% discount rate of approximately \$820 million. Including a one-off deferred acquisition payment to RMG/Teck of US\$50M, the NPV is \$770 million.
- An IRR of circa 20%, both on a post-tax basis at copper/gold AUS consensus pricing.
- An average C1 cost of production of circa US\$0.82/lb copper Life of Mine, including by-product credits. In May 2016 the company estimated C1 costs of circa US\$0.90/lb.

Based on the PFS findings, the project will be able to produce a high quality copper-gold concentrate (grading between 30% - 40% copper) using conventional treatment on site. This will then undergo further processing at the offsite CTP to increase the grade to between 50% - 60%.

With the successful completion of the PFS, the OZ Minerals Board have approved the project to progress to Feasibility Study. The CTP is undergoing a parallel study process which is expected to be released with the Feasibility Study.

As previously announced, capitalisation of the project commenced on 1 July 2016. Capitalised expenditure for the project from 1 July 2016 to 31 March 2017 is forecast to be \$84 million. This figure is included in the pre-production capital cost quoted above.

The anticipated mine life of ~20 plus years will see approximately 20% of the estimated contained copper in the Carrapateena resource mined. There is optionality for the project scope to expand mining to more of the resource along with further exploration of the Khamsin and Fremantle Doctor tenements, which are located within 10km of Carrapateena.

Mineral Resource, Ore Reserve and Feasibility Study:

The PFS is based on a restatement of the 2015 Mineral Resource at a lower cut-off grade, reflecting the change from sub-level open stoping to sub-level caving.

At a cut-off grade of \$70/t, the restated Mineral Resource stands at 133Mt which includes 126Mt of Indicated Mineral Resources at 1.5% Cu and 0.6g/t Au and 7Mt of Inferred Mineral Resources at 1.0% Cu and 0.5g/t Au. Please refer to the 2015 Carrapateena Restated Mineral Resource Statement as at 17 October 2016.

With the successful completion of the PFS, it is now possible to declare an Ore Reserve estimate for the Carrapateena project of 70Mt at 1.8% Cu and 0.7g/t Au. Full explanatory notes are available in the Carrapateena Ore Reserve statement as at 20 October 2016.

In December 2016 OZ Minerals will produce an updated Mineral Resource model based on the recently completed drilling program. This Mineral Resource model will form the basis of the Feasibility Study.

The company expects to release the Carrapateena Feasibility Study in Q1 2017 after which the OZ Minerals Board expects to make a final commitment to the development of the Carrapateena project.

Ends

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Forward Looking Statements

Some statements in this announcement are forward-looking statements. Such statements include, but are not limited to, statements with regard to capacity, future production and grades, projections for sales growth, estimated revenues and reserves, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment and may be (but are not necessarily) identified by the use of phrases such as "will", "expect", "anticipate", "believe" and "envisage". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside OZ Minerals' control. Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation.

Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements which speak only as at the date of this announcement. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, OZ Minerals does not undertake any obligation to publicly release any updates or revisions to any forward looking statements contained in this presentation, whether as a result of any change in OZ Mineral's expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

ⁱ The Production Targets referred to in this ASX release are based on 91% Probable Ore Reserves and 9% Inferred Mineral Resources. The modifying factors used in the estimation of the Ore Reserve were also applied to the Inferred Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production targets will be realised.

ⁱⁱ The material assumptions used in the estimation of the production targets and associated financial information are summarised in the table on Page 4. More detailed information on the material assumptions can be found in the Executive Summary of the Carrapateena Sub-Level Cave Pre-Feasibility Study, the Carrapateena Restated 2015 Mineral Resource Statement as at 17 October 2016 and the Carrapateena Ore Reserve Statement as at 20 October 2016 released on 7 November 2016.

Production Targets Material Assumptions

Criteria	Commentary												
Ore reserve / mineral resource estimate underpinning the production targets	The production targets in this announcement are underpinned by the Ore Reserve estimate in the Carrapateena Ore Reserve Statement as at 20 October 2016 and the Mineral Resource estimate in the Restated 2015 Mineral Resource Statement as at 17 October 2016 (both released on the date of this announcement). These estimates were prepared by Competent Persons in accordance with the JORC Code 2012.												
Cut-off parameters	<p>The mining method selected for Carrapateena was determined to be sub-level caving (SLC) and the estimated production rate was 4.0 Mtpa. Expressed as a Net Smelter return (NSR) the break-even cut-off grade was estimated to be \$51 per tonne of ore. The breakdown of this cost is shown in the table below.</p> <table border="1"> <thead> <tr> <th>Activity</th> <th>Cost per tonne (AUD)</th> </tr> </thead> <tbody> <tr> <td>Mining</td> <td>\$24</td> </tr> <tr> <td>Processing</td> <td>\$16</td> </tr> <tr> <td>Site Administration</td> <td>\$4</td> </tr> <tr> <td>Sustaining Capital</td> <td>\$7</td> </tr> <tr> <td>Total</td> <td>\$51</td> </tr> </tbody> </table> <p>The cut-off grade used in the estimation of the production target was \$100 per tonne of ore.</p>	Activity	Cost per tonne (AUD)	Mining	\$24	Processing	\$16	Site Administration	\$4	Sustaining Capital	\$7	Total	\$51
Activity	Cost per tonne (AUD)												
Mining	\$24												
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Total	\$51												
Mining factors or assumptions	<p>Previous studies by OZ Minerals determined that block caving, sub-level caving and sub-level open stoping methods were appropriate to the orebody geometry and expected ground conditions of the Carrapateena orebody. The Scoping Study conducted in 2016 (CHSS-8220-MAN-STU-0001) concluded that sub-level caving was the best mining method for Carrapateena.</p> <p>A review of the cavability of the overlying rocks was conducted by Power Geotechnical Pty Ltd. Using empirical data, the area of the cave footprint considered sufficient to ensure continuous caving was estimated and the mine designed accordingly. The use of empirical data is appropriate for a PFS but further study will be required to design the mine and engineer the rock mass to ensure that continuous caving will occur.</p> <p>Power Geotechnical used proprietary software to model the SLC draw and the dilution entrained in the draw from outside the blasted area of the SLC. The cave draw modelling resulted in the recovery of 91% of blasted ore tonnes and 88% of the contained metal value. Approximately 13% dilution is included in the recovered ore tonnes. The dilution comes from the overlying rocks and from mineralised material surrounding the SLC shape. Given the potential of the overlying Woomera Shale to degrade into finer particles than other rock types, cave draw modelling assumed that the Woomera Shale had twice the probability of migrating into the caved mass than did the other diluting rock types.</p>												
Metallurgical factors or assumptions	<p>The metallurgical recoveries assumed are shown below.</p> <table border="1"> <thead> <tr> <th>Metal</th> <th>Recovery %</th> </tr> </thead> <tbody> <tr> <td>Copper</td> <td>91</td> </tr> <tr> <td>Gold</td> <td>73</td> </tr> <tr> <td>Silver</td> <td>79</td> </tr> </tbody> </table> <p>These recoveries include the small losses attributable to the Hydromet process.</p>	Metal	Recovery %	Copper	91	Gold	73	Silver	79				
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Copper	91												
Gold	73												
Silver	79												
Infrastructure	Infrastructure sufficient for the operation of a 4 Mtpa mine and processing plant has been designed and costed in the PFS. It is believed that adequate water has been identified for the project but this remains to be confirmed.												
Costs	All costs used in the estimation of the production target and the associated financial information were estimated to a PFS level of accuracy.												

Revenue factors

Parameter	Units	LOM
Copper	US \$ / lb	2.94
Gold	US \$ / oz	1281
Silver	US \$ / oz	19
Concentrate Load and Transport	AU \$ / t	92
Concentrate Sea Freight	US \$ / wmt	89
Copper Concentrate Smelting	US \$ / dmt	80
Copper Refining	US \$ / lb	0.08
Gold Refining	US \$ / oz	5.00
Silver Refining	US \$ / oz	0.50
Exchange Rate	AUD / USD	0.75

Metal	Grade in concentrate exceeds	Payable portion
Copper (%)	0	0.9675
	35	0.97
	45	0.9725
	50	0.975
Gold (g/t)	0	0.93
	5	0.95
	10	0.96
	20	0.97
Silver (g/t)	0	0
	30	0.9