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**30 JUNE 2014**

# ASX Release

# Mineral Resource and Ore Reserve Statements for Malu Underground Project at Prominent Hill

*This announcement should be read in conjunction with the attached Mineral Resource and Ore Reserve Statements.*

ASX RELEASE

OZ Minerals has today released an updated Mineral Resource Statement and an initial Ore Reserve Statement, at 31 December 2013, for the Malu Underground deposit.

- Ore Reserve Estimate - 11Mt at 1.5% copper, 0.6g/t gold, (1.8% copper equivalent[1]).
- Mineral Resource Estimate - 75Mt at 1.2% copper, 0.6g/t gold, (1.5% copper equivalent[1]), at a 0.9%CuEq cut-off.

Since the 30 June 2013 Statement[2], the Malu Underground Mineral Resource estimate has increased. The initial estimated Ore Reserve is larger than both the initial and current Ore Reserves at the Ankata Underground in terms of contained copper and gold.

The Malu Underground extends at depth beneath the Malu Open Pit (see Figure 1). The Malu Underground will be accessed from the existing underground infrastructure at Ankata Underground and selectively mined, at higher grades than the Malu Open Pit, using sub-level open stoping. Production at Malu Underground is expected to commence in the fourth quarter of 2014, ramping up to the full production rate around the fourth quarter of 2015.

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[1] The CuEq% was calculated with the following formula:

Cu Eq% = Cu% + ((Au grade * Au price oz AUD * Au mill recovery)/(2204.6226 * Cu price lb AUD * Cu mill recovery * 31.1035 g/t))%

(Cu price USD$3.20/lb, Au price USD$1225/oz, XR AUD=USD/0.82, Cu recovery 89.3% and Au recovery 76.4%).

See appended Mineral Resource Statement for full details.

[2] *A full summary of information relating to Prominent Hill Mineral Resources (including the Malu Underground Mineral Resource) and Ore Reserves is set out in the 'Prominent Hill Ore Reserves and Mineral Resources Statement as at 30 June 2013 released to the market on 11 December 2013 ('PHRR') and is available to view on:www.ozminerals.com/operations/resources--reserves.html. The Company confirms that it is not aware of any new information or data that materially affects the information included in the PHRR, that all material assumptions and technical parameters underpinning the estimates in the PHRR continue to apply and have not materially changed and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original PHHR (apart from the information relating to the Malu Underground which is updated in this release and accompanying Statements).*

OZ Minerals' Managing Director and CEO, Terry Burgess, said, "The Malu Underground operation will be integrated with the existing Ankata Underground operation. It will leverage upon the existing underground mining operations team and its equipment and infrastructure, improving economies of scale for the underground mining operation. The new operation will also provide access to the greater Malu Underground Mineral Resource for further testing and potential future expansion - at Ankata, more than three years' mine life has been added to the operation since an Ore Reserve was first estimated."

The Malu Underground Mineral Resource estimate update and initial Ore Reserve support previously announced production expectations and underpin a ten year life of mine for Malu Underground to the end of 2025 (starting from Q4 2015). See Table 4 below for details.

The majority of the Malu Underground Ore Reserve is chalcocite-bornite dominant, which, when blended with Malu Open Pit or Ankata Underground ore sources, will deliver copper recoveries and concentrate grades in line with those currently achieved from the Prominent Hill operation.

These Mineral Resource and Ore Reserve estimates are based on drilling to 31 December 2013. Infill drilling of the deposit is continuing and further updates are expected to follow with the next Ore Reserve and Mineral Resource update.

## Mineral Resource

The updated copper-gold Mineral Resource estimate and the gold Mineral Resource estimate, based on an additional 6 months of drilling to 31 December 2013, are set out below.

**Table 1: Malu Underground Copper-Gold Mineral Resource at 31 December 2013** [a, b, c]

| Category | Tonnes (Mt) | CuEq % | Cu (%) | Au (g/t) | Ag (g/t) | Cu (kt) | Au (Moz) | Ag (Moz) |
|---|---|---|---|---|---|---|---|---|
| Measured | 2 | 2.0 | 1.8 | 0.3 | 4.2 | 37 | 0.0 | 0.3 |
| Indicated | 34 | 1.5 | 1.2 | 0.6 | 2.9 | 412 | 0.7 | 3.1 |
| Inferred | 40 | 1.4 | 1.1 | 0.6 | 3.1 | 444 | 0.8 | 3.9 |
| ***Total*** | **75** | **1.5** | **1.2** | **0.6** | **3.0** | **893** | **1.5** | **7.3** |

[a] Table subject to rounding errors.

[b] 0.9% Cu Eq cut-off.

[c] Mineral Resources are inclusive of Ore Reserves.

**Table 2: Malu Underground Gold Mineral Resource at 31 December 2013** [a, b, c]

| Category | Tonnes (Mt) | CuEq % | Cu (%) | Au (g/t) | Ag (g/t) | Cu (kt) | Au (Moz) | Ag (Moz) |
|---|---|---|---|---|---|---|---|---|
| Measured | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| Indicated | 1 | 1.2 | 0.2 | 2.2 | 1.5 | 1 | 0.1 | 0.0 |
| Inferred | 1 | 1.6 | 0.1 | 3.1 | 0.8 | 1 | 0.1 | 0.0 |
| ***Total*** | **2** | **1.4** | **0.1** | **2.8** | **1.1** | **3** | **0.2** | **0.1** |

[a] Table subject to rounding errors.

[b] 0.9% Cu Eq cut-off.

[c] Mineral Resources are inclusive of Ore Reserves.

Since the last Statement of Mineral Resources as at 30 June 2013, the estimated Malu Underground Mineral Resource has increased ten percent in terms of tonnes, eight percent in terms of copper metal and 12 percent in terms of gold metal. The previous contribution of the Malu Underground Mineral Resource estimate to the total 30 June 2013 Prominent Hill Mineral Resource Statement[2] (which included all Resource material at Prominent Hill) represented 38 percent of resource tonnes, 41 percent of copper metal tonnes and 38 percent of gold ounces.

### Ore Reserve

The initial estimated Ore Reserve for Malu Underground based on drilling to 31 December 2013, is set out below.

**Table 3: Malu Underground Ore Reserve (31 December 2013) [a]**

| Classification | Ore (Mt) | Cu (%) | Cu (kt) | Au (g/t) | Au (koz) | Ag (g/t) | Ag (koz) |
|---|---|---|---|---|---|---|---|
| Proved | 1 | 2.0 | 20 | 0.3 | 10 | 3.1 | 100 |
| Probable | 10 | 1.5 | 150 | 0.7 | 210 | 3.4 | 1,100 |
| ***Total*** | **11** | **1.5** | **170** | **0.6** | **220** | **3.4** | **1,200** |

[a] Table subject to rounding errors.

**Table 4: Malu Underground Key Project Assumptions**
(all currency in AUD unless otherwise stated)

| **Financial** | |
|---|---|
| Project capital<br>Includes:<br>• All mine infrastructure<br>• All capitalised operating expenditure<br>• All capitalised development expenditure and infill drilling until full production status is achieved in approximately Q4 2015.<br>• All sunk capital to date. | ~$200 million (gross)<br>NB This capital expenditure is expected to generate approximately $60-$80 million of revenue before full production is achieved in approximately Q4 2015. This revenue will be netted against gross capital expenditure for accounting purposes. |
| Mining cost per tonne subsequent to the above capital phase from approximately Q4 2015.<br>Includes:<br>• All subsequent capital development costs.<br>• All operating costs.<br>• All resource delineation and grade control costs. | Average, $57/t for the integrated underground operation.<br><br>Comprising - $47/t Ankata, $66/t Malu UG. |
| Sustaining capital for Malu Underground | ~$2 million per annum, 2016 onwards. |
| Processing costs | $12/t milled LOM average ($9.50/t to end 2019). |
| Site administration costs | $4/t milled LOM average ($3.30/t to end 2019). |
| Post mine gate allocation | $10/t milled |
| Copper price (LT) | US$3.20/lb[3] |
| Gold Price (LT) | US$1,225/oz[3] |

| | |
|---|---|
| A$/US$ | 0.82[3] |
| **Physical** | |
| Mining rate | ~1.6Mtpa |

| **Life of Mine Production Schedule – unchanged from previous guidance** | |
|---|---|
| 2014 Production | ~4,000t copper<br>~3,500oz gold |
| 2015 Production | ~10,000t copper<br>~10,000oz gold |
| 2016 to 2025 production | 10,000t to 20,000t copper<br>25,000oz to 35,000oz gold |

| **Malu Underground Life of Mine Plan** | | **Tonnes (Mt)** | **Cu (%)** | **Au (g/t)** |
|---|---|---|---|---|
| Ore Reserves | Proved | 1 | 2.0 | 0.3 |
| | Probable | 10 | 1.5 | 0.7 |
| Additional Mineral Resources | Indicated Resources | 1 | 1.1 | 1.0 |
| | Inferred Resources | 3 | 1.4 | 0.8 |
| ***Total*** | | **15** | **1.4** | **0.7** |

*Table subject to rounding errors.

The Malu Underground Life of Mine production schedule, which ends in 2025, includes additional Mineral Resources from stopes which have not been classified as Ore Reserves due to the percentage of Inferred Mineral Resources (the proportions of Ore Reserves and Indicated and Inferred Resources are set out above). These stopes were designed using the same costs, economic factors and other modifying factors as the Ore Reserve stopes.

Financial modelling based only on the Ore Reserve showed the project to be viable.

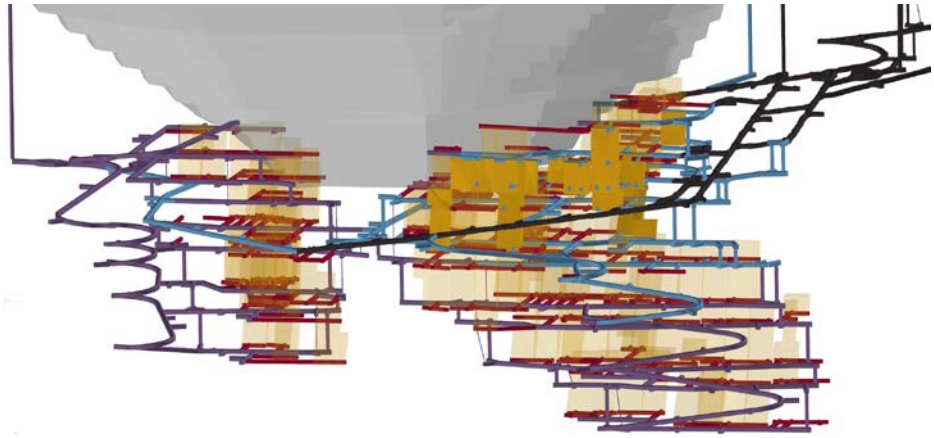
The additional Mineral Resources are adjacent to the Ore Reserve stopes. The Life of Mine Plan envisages the concurrent mining of Ore Reserve stopes and additional Mineral Resources. The recovery of the additional Mineral Resources will not be jeopardised by the mining of the Ore Reserve stopes alone

Ongoing resource delineation diamond drilling will test the Mineral Resources in the non-Ore Reserve stopes as the project progresses with a view to their conversion to Ore Reserves. It should be noted that there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further resource delineation drilling will result in the determination of Mineral Resources or that the Life of Mine production schedule detailed above will itself be realised.

The Ore Reserves and Mineral Resource estimates underpinning the production targets have been prepared by a Competent Person or Persons in accordance with the JORC Code 2012 Edition.

[3] Based on market consensus

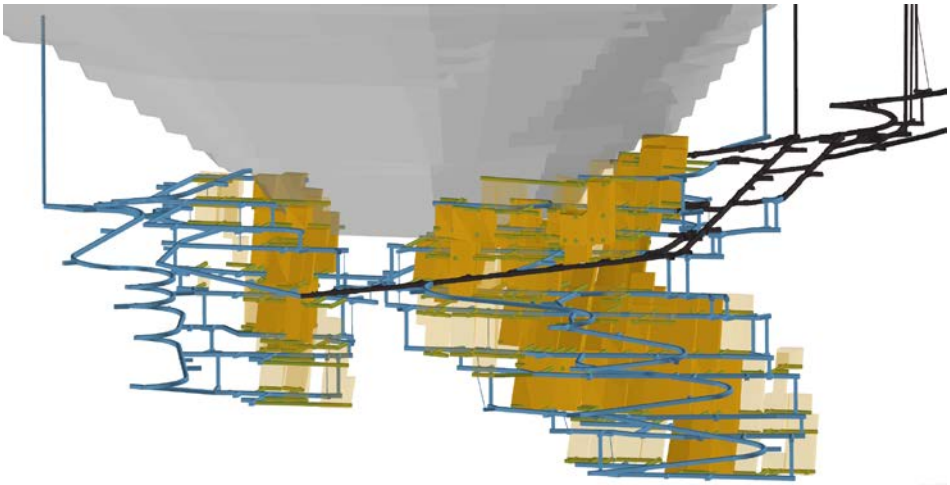
**Figure 1 Malu Underground Life of Mine Plan showing development before and after full production rates are reached. Viewed from the North**



## Legend

**Black**: existing development.
**Blue:** capital development prior to full production status, around Q4 2015.
**Purple:** Capital development beyond full production status, from around Q4 2015 to the end of mine life (NB this capital development cost is included in the overall $57/t average mining cost.)
**Red:** Operating development beyond full production status, from around Q4 2015 to the end of mine life (NB this operational development is included in the overall $57/t average mining cost.)
**Solid Brown**: Stopes to be mined prior to full production status, around Q4 2015.
**Transparent brown:** Stopes to be mined beyond full production from around Q4 2015 to the end of the mine life.

**Figure 2 Malu Underground Mine plan – Ore Reserves and additional Mineral Resources.**



## Legend

**Black –** Existing development.
**Blue** – Capital development.
**Green** – Operating development.
**Solid Brown** – Stopes included in Ore Reserves.
**Transparent Brown** – Stopes in additional Mineral Resources explained above in Table 4 – Malu Underground life of Mine Plan.

## Supporting Information for Ore Reserves

The supporting information below is required, under Chapter 5 of the ASX Listing Rules, to be included in market announcements reporting estimates of Ore Reserves. It has been extracted from the appended Ore Reserve Statement.

### Criteria used for classification

- The Ore Reserve estimate is based on the Mineral Resource contained within designed stopes and classified as "Measured" and "Indicated" after consideration of all mining, metallurgical, social, environmental and financial aspects of the project. The Ore Reserve estimate includes Proved Ore derived from the Measured Mineral Resource and Probable Ore derived from the Indicated Mineral Resource.
- Underground diamond drilling, Mineral Resource estimate improvements, mining studies and practical experience at Ankata, have combined to improve the understanding of the geological and mining aspects of the deposit area.
- Malu Underground will benefit from the infrastructure, processing facilities, operating and sales contracts, studies and technical knowledge in place at Prominent Hill.

### Mining method, selected and other mining assumptions, including recovery and mining dilution factors

- The Ore Reserve estimate was based on sub-level open stoping (SLOS) with paste fill, the method currently employed at Ankata. Designs and schedules have been prepared for the entire Malu Underground deposit which currently extends to a depth of 9460RL.
- Twelve stopes have been mined and reconciled in the Ankata Underground mine and these were used as the basis for the dilution and recovery assumptions for Malu Underground. The mining recovery and dilution assumptions shown in the table below were used in the Ore Reserve Estimate.

**Table 5: Dilution and ore recovery**

| | | |
|---|---|---|
| Footwall Dilution | 1.5% | Applied to in-situ stope tonnes |
| Hangingwall Dilution | 2.5% | Applied to in-situ stope tonnes |
| Fill Dilution | 4.0% | Applied to in-situ stope tonnes |
| Ore Recovery | 96% | Applied to diluted stope tonnes |

- Dilution grades were estimated within a 1m thick skin to the North and South of the East-West trending stopes. The dilution grades included in the Ore Reserve Estimate are shown in the table below.

**Table 6 Dilution grades**

| Element | Hangingwall and Footwall | Fill |
|---|---|---|
| Copper % | 0.7 | 0.0 |
| Silver g/t | 2.1 | 0.0 |
| Gold g/t | 0.6 | 0.0 |

**The processing method selected and other processing assumptions including the recovery factors applied and the allowances made for deleterious elements.**

- The Prominent Hill processing plant has been operating since February 2009 and comprises a conventional crushing, grinding and flotation circuit to recover copper, gold and silver to produce a high quality concentrate. The plant can process approximately ten million tonnes per annum subject to the ore blend. The current life of mine schedule has the plant running at that capacity until the end of 2019 when open pit copper ore stocks are depleted.
- From then until 2023, throughput will be approximately six million tonnes per annum with a high proportion of stockpiled open pit gold ore. On exhaustion of gold ore stocks the plant will be fed with underground ore alone.
- Plant turndown studies indicate that the plant can be configured to run at two to four million tonnes per annum (blend dependent) for minimal capital expenditure. Lower throughputs will be processed in batches thus providing the ability to process ore at production rates equivalent to Malu Underground and/or Ankata only.
- The majority of the ore types in Malu Underground also occur in the Malu Open Pit and Ankata. The metallurgical recoveries used for each ore species are listed in the table below:

**Table 7 Metallurgical recoveries**

| | Chalcocite-dominant | Bornite-dominant | Chalcopyrite-dominant | Gold-only |
|---|---|---|---|---|
| Copper | 88% | 80% | 83% | - |
| Gold | 77% | 70% | 65% | 86% |
| Silver | 80% | 80% | 80% | 80% |

- Dolomite ore in the Malu Open Pit which hosts high grade gold mineralisation changes with depth in the underground mine to primarily host high grade copper. While this type of copper ore has not previously been processed through the concentrator, metallurgical test work shows that copper recoveries are similar to chalcocite dominant ore. The copper ore hosted by dolomite represents eight percent of the Ore Reserve Estimate.
- With the deepening pit and the increased proportion of underground ore in the mill feed the uranium head grade is expected to increase. This Ore Reserve estimate was based on a combination of ore blending, concentrate blending, additional flotation treatment in the existing plant and marketing options to manage ore of higher uranium grade. A second Jameson cell will be commissioned in late 2014 to assist with the rejection of entrained impurities.

**Basis of cut-off grade**

- A Net Smelter Return (NSR) cut-off grade was used for the Ore Reserve taking into account mining recovery and dilution, metallurgical recovery and all site costs.

### Estimation methodology

- Stopes were designed to an $85 NSR shell. For inclusion in the Ore Reserve estimate, stopes had to have an average NSR of $85 per tonne or greater. The stope design cut-off is subject to review as part of ongoing studies. For inclusion in the Ore Reserve estimate development had to have an average NSR of $25 per tonne or greater. Only stopes containing more than 60% combined Measured and Indicated Resources were included in the Ore Reserve estimate. Inferred Resources within stopes were treated as waste of zero grade in the Ore Reserve Estimate.

### Material modifying factors

**Table 8: Material modifying factors**

| Parameter | Units | LOM |
|---|---|---|
| Copper | US$/lb | 3.20 |
| Gold | US$/oz | 1,225 |
| Silver | US$/oz | 21.0 |
| Concentrate Load and Transport | A$/t | 157 |
| Concentrate Sea Freight | US$/wmt | 57 |
| Copper Concentrate Smelting | US$/dmt | 80 |
| Copper Refining | US$/lb | 0.08 |
| Gold Refining | US$/oz | 5.00 |
| Silver Refining | US$/oz | 0.50 |
| Exchange Rate | AUD/USD | 0.82 |

## Supporting information for estimated Mineral Resources

The supporting information below is required, under Chapter 5 of the ASX Listing Rules, to be included in market announcements reporting estimates of Mineral Resources. It has been extracted from the appended Mineral Resource Statement.

### Geology and geological interpretation

The Prominent Hill iron-oxide copper gold (IOCG) deposit consists of three main orebodies called Malu, Ankata and Kalaya. The Malu Underground Mineral Resource mineralisation is mainly hosted within haematite breccia, however can also found in other favourable lithologies such a sandstone, shale, volcanic units and dolomite. All mineralised domains are covered by a younger sub-horizontal sediment package of 100-150 metres in thickness. For modelling and estimation the deposit geology was grouped into several domains based on a combination of lithology, geochemistry, and mineralisation style. Copper mineralisation within the orebodies consists of the copper bearing minerals bornite, chalcocite and chalcopyrite. Gold mineralisation is found associated with copper in haematite breccia and as gold-only mineralisation within haematite breccia, veining in dolomite and on some lithological boundaries. Gold occurs both as grains and finely disseminated in sulphides.

### Sampling and sub-sampling techniques

The Malu Underground Mineral Resource was sampled using underground and surface diamond drill holes and surface reverse circulation (RC) drill holes. Surface diamond drill holes were sampled on nominal 1m intervals, but respect geological contacts. Surface core was cut with a manual or automatic core saw and sampled as half core, except where quarter core sampled. Underground diamond drill holes were sampled on nominal 1m intervals, but respect geological contacts. Underground core classed as

resource delineation core was cut with a manual or automatic core saw and sampled as half core. Underground core classed as grade control core was sampled as whole core unless it was the upper or lower most hole on any section of fan holes or the adjacent drill hole on the fan was sampled as whole core. Entire samples from all types of drill were crushed and pulverised to a nominal 90 percent passing 75 microns. Surface RC holes were sampled at 1m intervals after a 1/8th field split.

**Drilling techniques**

Surface Diamond drill holes used a combination of standard tube NQ2 and HQ core sizes. Underground diamond drill hole were drilled with a combination of NQ2, LTK 60 and BQTK core sizes. RC drill holes from surface utilised a face sampling bit and were of 5¾ or 5½ inches in diameter.

**Sample analysis method**

Samples were sent to Bureau Veritas' (Amdel) Adelaide Laboratory. Core samples were assayed for copper using the MET1PH method (Aqua Regia Digest and ICPOES). Gold grades were determined by 40g Fire Assay finished by AAS. RC samples were assayed for copper using the MET1 method (Modified Aqua Regia Digest and Inductively Coupled Plasma Optical Emission Spectrometry (ICPOES)). Gold grades were determined 40g Fire Assay finished by AAS.

**Estimation methodology**

Independent estimates were completed for Cu, Au, Ag, Fe, S, U, F, Ba, Si, Al & Ca. Estimations for the Malu Underground Mineral Resource were completed using Ordinary Kriging (OK) where data supported definition of reliable continuity models for the elements being interpolated. Domains which lacked the required data support for OK were estimated using Inverse Distance Squared (ID2) interpolation. Bulk density was calculated on an individual domain basis using iron regression equations. Domain boundaries were treated as hard boundaries during estimation.

**Mineral Resource Classification Criteria**

The estimates have been classified into Measured, Indicated and Inferred Resources taking into account drilling density, geological confidence, estimation confidence, contiguity of the mineralisation around the likely economic cut-off grades and consideration of the 'reasonable prospects' test.

Malu Underground Mineral Resource drill spacing:

- Measured Resources are largely restricted to the areas of 30m x 30m on approximate 50m spaced drill sections, however can extend up to 50m x 50m spacing.
- Indicated Resources are defined where drill spacing is generally 50m x 50m or less on approximately 50m spaced drill sections.
- Inferred Resources are defined using up to a 100m x 100m drill spacing and 100m spaced drill sections.

**Cut-off grade**

The cut-off grade for reporting of the Malu Underground Mineral Resource estimate was 0.9% Copper Equivalent. The cut-off criteria took into account mining, processing, transport and refining costs. The CuEq% was calculated with the following formula:

Cu Eq% = Cu% + ((Au grade * Au price oz AUD * Au mill recovery)/(2204.6226 * Cu price lb AUD * Cu mill recovery * 31.1035 g/t))%

(Cu price USD$3.20/lb, Au price USD$1225/oz, XR AUD=USD/0.82, Cu recovery 89.3% and Au recovery 76.4%).

**Mining and metallurgical methods and parameters and other material modifying factors considered to date.**

The Malu Underground Mineral Resource estimate was constrained within the limits of domained copper and gold mineralisation wireframes. The assumed mining method for the resource was sub-level open stoping (SLOS), with a minimum mining width of 5 metres. The SLOS mining method is already being successfully applied to the adjacent Ankata orebody at Prominent Hill.

The Prominent Hill processing plant has been operating since February 2009 and comprises a conventional crushing, grinding and flotation circuit to recover copper, gold and silver to produce a high quality concentrate. The plant can process approximately ten million tonnes per annum subject to the ore blend.

Plant turndown studies indicate that the plant can be configured to run at two to four million tonnes per annum (blend dependent) for minimal capital expenditure. Lower throughputs could be processed in batches thus providing the ability to process ore at production rates equivalent to Malu Underground and/or Ankata only.

The majority of copper mineralisation types in the Malu Underground Resource also occur in the open pit. These styles of mineralisation have a proven history of economic recoverability to concentrate.

Dolomite hosted mineralisation in the Malu open pit which hosts high grade gold ore changes with depth in the Malu Underground Mineral Resource to host high grade copper mineralisation. Whilst this type of copper mineralisation has not previously been processed through the concentrator, metallurgical test work shows that copper recoveries are similar to chalcocite ore.

With the deepening pit and the increased proportion of underground mineralisation in potential mill feeds, the uranium head grade is predicted to increase. This Mineral Resource estimate assumes a combination of ore blending, concentrate blending, additional flotation treatment in the existing plant and marketing options to manage mineralisation of higher uranium grade. A second Jameson cell will be commissioned in late 2014 to assist with the rejection of entrained impurities.

**Competent Persons' Statements**

The information in this announcement that relates to Mineral Resources is based on and fairly represents information and supporting documentation compiled by Colin Lollo, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 225331). Colin Lollo is a full time employee of OZ Minerals Limited. Colin Lollo is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights Plan. Colin Lollo has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Colin Lollo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Colin Lollo BSc (Geology), has over 18 years of relevant experience as a geologist including seven years in Iron-Oxide-Copper-Gold style deposits.

The information in this announcement that relates to Ore Reserves is based on and fairly represents information and supporting documentation compiled by Justin Taylor BEng (Min), member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 307796). Justin Taylor is a full time employee of OZ Minerals Limited. Justin Taylor is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights Plan. Justin Taylor has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Justin Taylor consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Justin Taylor BEng (Min), has over 30 years of relevant experience as a mining engineer including seven years in Iron-Oxide-Copper-Gold style deposits.

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# OZ Minerals Limited

# Prominent Hill Malu Underground
# Mineral Resource Statement and Explanatory Notes

## As at 31 December 2013

# PROMINENT HILL MALU UNDERGROUND MINERAL RESOURCE STATEMENT AS AT 31 DECEMBER 2013

## Summary

The Prominent Hill Malu Underground December 2013 Mineral Resource has been estimated to be 75Mt of copper-gold mineralisation grading 1.2% Cu, 0.6g/t Au and 3.0g/t Ag and 2Mt of gold-only mineralisation grading 2.8g/t Au and 1.1g/t Ag. The Malu Underground Mineral Resource is part of the greater Prominent Hill Resources and is an update of the previous Malu Underground Mineral Resource estimate reported in the 11 December 2013 OZ Minerals ASX Release - Prominent Hill Reserves and Resources and Production Outlook.

The updated Malu Underground Mineral Resource estimate includes additional delineation drilling that was completed in the six months following the previous resource release and reflects minor geological interpretation adjustments and improved classification confidence. This estimate has primarily resulted in an increase in tonnes and contained metal for the inferred portion of the Copper-Gold Mineral Resource. Refinements in the geological interpretation have also resulted in a reduction of the tonnes but an increase in the grade of the Gold Mineral Resource.

**Table 1: Copper-Gold Mineral Resource[1]**

| | Category | Tonnes (Mt) | CuEq % | Cu (%) | Au (g/t) | Ag (g/t) | Cu (kt) | Au (Moz) | Ag (Moz) |
|---|---|---|---|---|---|---|---|---|---|
| **Malu Underground[2]** 0.9% CuEq cut-off[3] | Measured | 2 | 2.0 | 1.8 | 0.3 | 4.2 | 37 | 0.0 | 0.3 |
| | Indicated | 34 | 1.5 | 1.2 | 0.6 | 2.9 | 412 | 0.7 | 3.1 |
| | Inferred | 40 | 1.4 | 1.1 | 0.6 | 3.1 | 444 | 0.8 | 3.9 |
| | ***Total*** | **75** | **1.5** | **1.2** | **0.6** | **3.0** | **893** | **1.5** | **7.3** |

**Table 2: Gold Mineral Resource[1]**

| | Category | Tonnes (Mt) | CuEq % | Cu (%) | Au (g/t) | Ag (g/t) | Cu (kt) | Au (Moz) | Ag (Moz) |
|---|---|---|---|---|---|---|---|---|---|
| **Malu Underground1[2]** 0.9% CuEq cut-off[3] | Measured | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| | Indicated | 1 | 1.2 | 0.2 | 2.2 | 1.5 | 1 | 0.1 | 0.0 |
| | Inferred | 1 | 1.6 | 0.1 | 3.1 | 0.8 | 1 | 0.1 | 0.0 |
| | ***Total*** | **2** | **1.4** | **0.1** | **2.8** | **1.1** | **3** | **0.2** | **0.1** |

1. Table subject to rounding errors.
2. Outside of Ore Reserves final pit design and east of 55300mE.
3. CuEq% calculation can be found under "Cut-off parameters" in Section 3 of the attached JORC Table 1 documentation. Copper-Gold resources are defined only within Copper domains and Gold resources are defined only within Gold domains.

## Setting

The Prominent Hill iron-oxide copper gold (IOCG) deposit is located in the Mount Woods Inlier, in the north-eastern portion of the Archaean to Mesoproterozoic Gawler Craton, South Australia. The Gawler Craton covers approximately 600,000 square kilometres of South Australia. Outcrop is sparse and most of the current understanding of the geology of the Gawler Craton is derived from exploration drilling and geophysical datasets. The Gawler Craton hosts the Olympic Dam, Prominent Hill, Carrapateena, Moonta and a number of other smaller and sub-economic copper-gold deposits . Most of these deposits are genetically related to the Gawler Range Volcanic (GRV) – Hiltaba magmatic event which affected the central and eastern portions of the Gawler Craton around 1600-1580Ma. Copper-gold-silver (-U-REE) mineralisation at Prominent Hill is hosted within haematitic breccias of felsic volcanic, sandstone, shale, and dolomite.

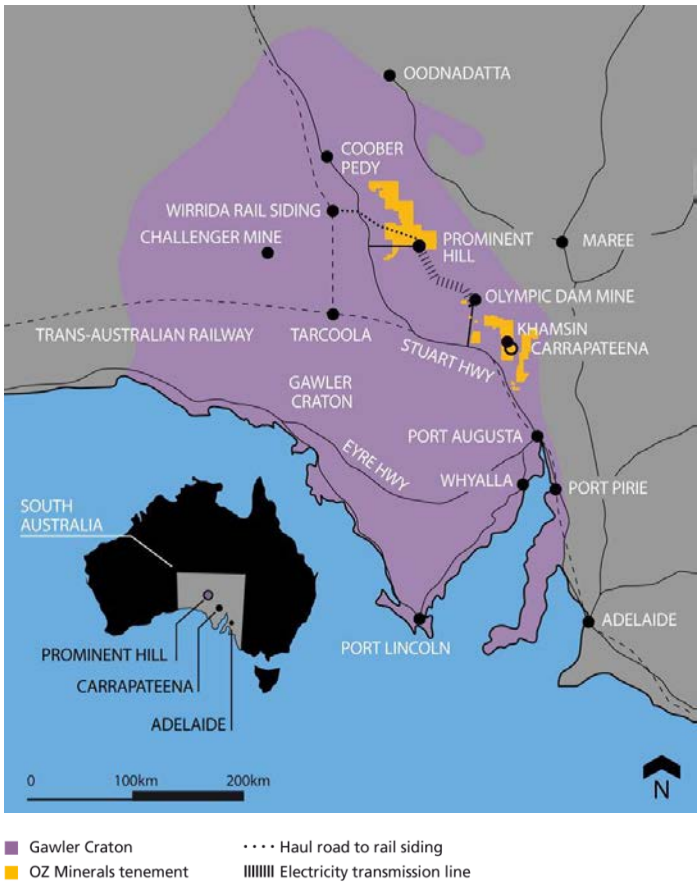


**Figure 1. Location of Prominent Hill, South Australia**

## Changes from the June 2013 Malu Underground Mineral Resource Estimate

The Malu Underground Mineral Resource estimate represents a component of what is typically reported within the Prominent Hill Mineral Resource Statement. The previous contribution of the Malu Underground Mineral Resource estimate to the 30 June 2013 Prominent Hill Mineral Resource Statement[4] (which included all Mineral Resource material at Prominent Hill) represented 38 percent of resource tonnes, 41 percent of copper metal tonnes and 38 percent of gold ounces

The December 2013 Malu Underground Mineral Resource represents an increase of 7Mt (10 percent), 64Kt copper metal (8 percent) and 0.2M ounces of gold metal (12 percent) relative to the June 2013 Malu Underground Mineral Resource. This is a result of additional resource delineation drilling, minor geological interpretation adjustments and improved confidence in mineralisation continuity.

4

*A full summary of information relating to Prominent Hill Mineral Resources (including the Malu Underground Mineral Resource) and Ore Reserves is set out in the 'Prominent Hill Ore Reserves and Mineral Resources Statement as at 30 June 2013 released to the market on 11 December 2013 ('PHRR') and is available to view on: www.ozminerals.com/operations/resources--reserves.html. The Company confirms that it is not aware of any new information or data that materially affects the information included in the PHRR, that all material assumptions and technical parameters underpinning the estimates in the PHRR continue to apply and have not materially changed and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original PHHR (apart from the information relating to the Malu Underground which is updated in this release and accompanying Statements).*

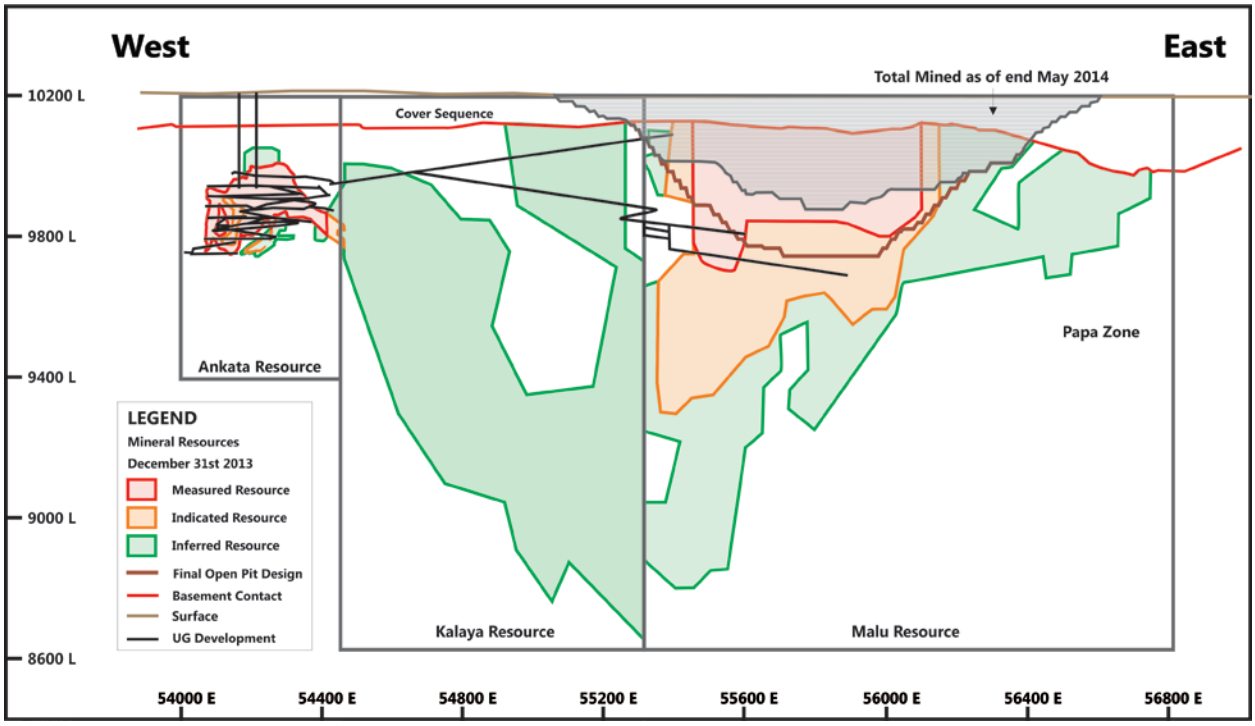


**Figure 2. Long Projection of Prominent Hill showing the 2013 Mineral Resources**

## Key points relating to the Mineral Resource Estimate

### Section 1 Sampling Techniques and Data

| Criteria | Comments |
|---|---|
| Sampling techniques | The Malu Underground Mineral Resource was sampled using underground and surface diamond drill holes and surface reverse circulation (RC) drill holes.<br>Surface diamond drill holes were sampled on nominal 1 metre intervals; however sample lengths between 0.4 and 1.4 metres were permitted. Surface diamond drill holes were sampled in full within the Prominent Hill mineralisation host lithologies and only periodically sampled within established waste domains.<br>All underground diamond drill holes were sampled on nominal 1m intervals. Sample lengths between 0.3 and 1.3 metres were permitted. There was no sampling across obvious geological boundaries. All underground diamond drill holes were sampled along their entire length. Underground drill holes classed as "resource delineation" were half cored before being sampled. Underground drill holes classed as "grade control" were full core sampled unless they met one of the following requirements, in which case they were half core sampled:<br>• The drill hole was the upper or lower most hole on any section of fan holes (limits of the domain being drilled).<br>• The adjacent hole on section was full core sampled (result is every alternate hole is half core sampled).<br>All diamond core samples were completely crushed and pulverised to produce sample charges for analysis by fire assay and ICP methods.<br>A program of regular field duplicate sample submission at a rate of two samples per 40 to 60 samples has been undertaken historically and is still current sampling practice for diamond drilling.<br>Surface RC holes were sampled at 1 metre intervals after a 1/8th field split. Field duplicates were collected at a rate of one every 20-30 samples. Each RC metre sampled weighed ~4-6 kilograms. All RC samples were sent to an offsite laboratory for crushing and pulverising to produce a 40 gram sample charge for analysis by fire assay and inductively coupled plasma optical emission spectrometry (ICPOES). |
| Drilling techniques | The majority of drilling was by diamond coring, with only a small number of RC holes (10 percent).<br>Surface Diamond drill holes were a combination of standard tube NQ2 and HQ sizes. Down hole orientations were completed through use of the "Ezy-Mark" tool pre February 2005 and the "ACE" electronic core orientation tool thereafter.<br>Underground diamond drill holes were drilled with a combination of NQ2, LTK 60 and BQTK core sizes. Down hole orientations were completed using a "Reflex ACT" digital orientation tool.<br>RC drill holes utilised a face sampling bit and were of 5¾ or 5½ inches in diameter. |
| Drill sample recovery | Diamond drilling core recovery was recorded for all core processed. This was recorded as a percentage of drilled run length. Core recovery was 98 percent recovered for the Malu Underground Mineral Resource area.<br>For RC drilling total weights (inclusive of moisture) were recorded for reverse circulation samples. Recoveries were calculated as a percentage of recorded weight versus a theoretical 100 percent recovery weight. Recovery of RC drilling was calculated to be 92 percent. Measures taken to maximise sample recovery were centered around hole conditioning and maintenance of steady drill perpetration |

| Criteria | Comments |
|---|---|
| | rates. There does appear to exist a weak bias in low recovery RC samples with higher grade copper results. However, the low number of high-grade reverse circulation samples affected by this apparent bias suggests no material effect on the global resource estimate by their inclusion. |
| Logging | Prominent Hill drilling into or immediately above the Malu Underground Mineral Resource prior to the 2011 underground drilling program shows a total of 224,309 metres drilled and 202,296 metres logged (90 percent). The majority of the unlogged metres are associated with drilling for geotechnical/metallurgical sampling purposes with data not captured within the resource database or was drilling in the unmineralised cover sequence.<br>Since 2011 then36,138 metres of drilling and 36,138 metres of logging have been completed in the Malu Underground Mineral Resource area. This includes of 13,952 metres of new diamond drilling data since 30 June 2013.<br>Geological logging completed within the Malu Underground Mineral Resource is generally qualitative in nature.<br>Basic geotechnical logging has been completed on the drilled holes by Geologists and Geology Technicians. This has primarily been RQD/Rock Mass recordings and orientated structural measurements.<br>The Geotechnical Engineers also undertake geotechnical logging of selected diamond holes in areas of direct relevance to underground infrastructure and operations.<br>A regular program of core photography has been undertaken on diamond drilling since 2004. Approximately 93 percent of all Malu Underground Mineral Resource diamond drill holes have been photographed.<br>Geological and geotechnical logging has been completed to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. |
| Sub-sampling techniques and sample preparation | Surface diamond drill holes were sampled on nominal 1m intervals; however sample lengths between 0.4 and 1.4 metre were permitted. Core was sawn longitudinally and half core samples submitted for analysis.<br>Surface core sample preparation at the laboratory was completed as follows:<br>• Weigh<br>• Drying @ 110 degrees Celsius<br>• Oven dry weigh<br>• Crush to -2 millimetres<br>• Riffle split into two samples<br>• Quartz wash<br>• Pulverise both split samples separately (multi-pass re-homogenise as required) to 90 percent at -75 micron<br>• Collect two pulps from each sample, bag remaining rejects separately.<br>For core samples a sequence of matrix matched certified reference materials (Prominent Hill sourced), commercial certified reference materials and blanks were inserted into the sample run at a frequency of ~1 in 25 samples:<br>• Coarse Blank<br>• Certified reference material<br>• Pulp Blank<br>All underground diamond drill holes were sampled on nominal 1 metre intervals. Sample lengths between 0.3 and 1.3 metres were permitted. Diamond core was sawn longitudinally when half core samples were required for analytical analysis as specified under "Sampling Techniques". |

| Criteria | Comments |
|---|---|
| | Underground core sample preparation at the laboratory was completed as follows:<br>• Weigh<br>• Drying @ 110 degrees Celsius<br>• Oven dry weigh<br>• Crush to -2 millimetres<br>• Riffle split into two samples (10 millimetres aperture)<br>• Quartz wash<br>• Pulverise both split samples separately (multi-pass re-homogenise as required) to 90 percent at -75 micron<br>• Collect two 250 gram pulps from each sample, bag remaining rejects separately.<br>For core samples a sequence of matrix matched certified reference materials (Prominent Hill sourced), commercial certified reference materials and blanks were inserted into the sample run at a frequency of ~1 in 25 samples:<br>• Coarse Blank<br>• Certified reference materials<br>• Pulp Blank<br>Sample sizes are considered to be appropriate for the style/texture of copper-gold mineralisation at Prominent Hill.<br>Surface RC holes (2003-2006) were sampled at 1m intervals after a 1/8th field riffle split.<br>238 samples (0.01 percent of RC samples) were noted as being wet, such samples were dealt with via a specific sampling protocol to meet quality assurance requirements.<br>RC sample preparation at the laboratory was completed as follows:<br>• Weigh<br>• Drying @ 110 degrees Celsius<br>• Oven dry weigh<br>• Quartz wash<br>• Pulverise entire sample (multi-pass re-homogenise as required) to 90 percent at -75 micron<br>• Collect pulp, bag remaining reject.<br>Field duplicates were collected as a second 1/8th field split at the drill rig and were initially selected at a rate of 4 percent, spaced at 20-30 samples. |
| Quality of assay data and laboratory tests | All analytical methods used are considered to be total methods, through either four acid digests or sample fusion.<br>Surface core samples (2001-2010) were assayed using Aqua Regia Digest, 40 gram Fire assay, Alkali Fusion, Mixed Acid Digest, Screen Fire Assay and Glass Fusion. These samples were assayed for a suite of 31 elements; with the samples that may contain copper or gold and/or are close to a known mineralised zone also analysed for fluorine.<br>Field duplicates were inserted ~2 in every 60 samples. A split occurred at Amdel (offsite laboratory) after sample crush with then two pulps analysed from each pulverised split giving rise to four results from the one sample interval.<br>Laboratory repeats/duplicates during this period were completed (on an approximate frequency depending on the analytical techniques) as shown below:<br>• Fire Assays: rate of 4 percent<br>• IC4: rate of 7 percent<br>• MET1: rate of 4 percent<br>Samples from 2010-2013 were assayed using Aqua Regia Digest, 40 gram Fire |

| Criteria | Comments |
|---|---|
| | assay, Inductively Coupled Plasma Optical Emission Spectrometry/ Inductively Coupled Plasma Mass Spectrometry, Modified Aqua Regia and Alkali Fusion. These samples were assayed for a suite of 55 elements.<br>Field duplicates were inserted one in 30 to two in every 40. A split occurred at Amdel (offsite lab) after sample crush with then two pulps analysed from each pulverised split giving rise to four results from the one sample interval.<br>Laboratory repeats/duplicates during this period were completed (on an approximate frequency depending on the analytical techniques) as shown below:<br>• Fire Assays: 1/25 Samples<br>• IC4: 1/20 Samples<br>• MET1: 1/14 Samples<br>QAQC samples were monitored on a batch-by-batch basis and samples in each failed batch were re-assayed.<br>The assay data pass/fail criteria up to the end of December 2012 was as follows:<br>• A batch was said to 'fail' if two standard samples were outside 2 standard deviations from the expected standard grade or if one standard was greater than 3 standard deviations from the expected standard grade. If a batch failed, the laboratory was contacted for batch re-assay.<br>• The pass/fail criterion for coarse blanks followed that any blank returning a result, greater than a certain multiple of the detection limit will fail (dependent upon the element). If a coarse blank returned a value outside of acceptable tolerances, the laboratory is contacted for batch re-assay.<br>The assay data pass/fail criteria from January 2013 to the end of December 2013 was as follows:<br>• A batch was said to 'fail' if a standard sat outside three standard deviations from the expected grade. If a batch failed, the laboratory was contacted for batch re-assay.<br>RC samples were assayed using Inductively Coupled Plasma Optical Emission Spectrometry, Modified Aqua Regia Digest and 40 gram Fire assay. These samples were assayed for a suite of 31 elements; with the samples that may contain copper or gold and/or are close to a known mineralised zone also analysed for fluorine.<br>For RC holes QAQC controls involved matrix matched certified reference materials being inserted at a rate of 4 percent, i.e. spaced at 20-30 samples apart. Coarse-blanks / pulp-blanks were inserted at a rate of 4 percent and preceded every matrix matched certified reference materials. |
| Verification of sampling and assaying | High standard QAQC procedures are in place and audited frequently at Prominent Hill, therefore repeatability issues from a QAQC point of view are not considered to be significant.<br>Significant and/or unexpected intersections are reviewed by alternate Company personnel through review of geological logging data, core photography, physical examination of remaining core samples (in instances of half core sampling) and review of digital geological interpretations.<br>In 2006 a number of diamond and RC hole pairs within the Prominent Hill dataset were deemed close enough to be considered twinned holes pairs.<br>Since 2006 there has been no systematic review of twinned pairs of drill holes, though a number of holes are known to be spatially coincident and as such lend themselves to this evaluation.<br>As part of data validation and verification for the June 2013 Mineral Resource, review of analytical data for 104 Malu drill holes was completed. From these holes, 95 percent of the original assay despatch data was able to be located and verified |

| Criteria | Comments |
|---|---|
| | against the contents of the database. No adjustment to analytical data was required.<br>Data importation into the resource database is documented through standard operating procedures and is guided by on import validations to prevent incorrect data capture/importation.<br>Geological, structural and density determination data is directly captured in the resource database through a validation controlled interface using Toughbook computers.<br>Primary data is stored in its source electronic form. Assay data is retained in both the original certificate (.pdf) form, where available, and the text files received from the laboratory. Data entry, validation and storage are discussed in the section on database integrity below. |
| Location of data points | A topographic survey was conducted in January 2005 by Engineering Surveys using differential GPS which provided +/- 100 millimetres accuracy on surface elevation. The correction from magnetic to mine planar grid is 6.3 degrees.<br>Underground survey co-ordinates were calculated from traversed survey down the Malu decline from the surface.<br>All underground drill holes were surveyed using a Reflex digital down hole camera unit. Camera units were calibrated weekly using an on-site survey test beds. Down hole surveys were recorded and entered into the database as magnetic bearing and converted within the database system to Mine Planar grid azimuths.<br>All underground drill holes have a 15 metre survey measurement taken that must be within site tolerances of 0.5 (half) degree on dip measurements and 1 degree on azimuth to plan. Subsequent down hole survey measurements are taken at 30 metres and 30 metre intervals progressively down the hole path.<br>All surface diamond and reverse circulation holes drilled prior to mining operations were recorded using MGA94_53 grid. This data was subsequently converted to truncated easting and northing grid coordinates to minimise the effects of inherent precision errors in mining software packages. An amount of 550,000 was subtracted from Eastings and 6,710,000 from Northings of data coordinates. In addition, a value of 10,000 was added to the RL coordinates to eliminate negative elevations. This truncated grid differs from the mine planar grid and as such a scaled transformation of data is required for use in the mining operation.<br>Surface diamond and reverse circulation drill holes exhibit collar survey methods of DGSP1 (Differential GPS), TAPE (Tape and Compass from nearby DGSP1 station), SURV (survey department picked-up collar) and UNK (pick-up coordinates and appropriate ranking entered into GBIS but 'unknown' entered as method) type.<br>In 2006 a differential GPS survey validation exercise was completed by Engineering Survey. No gross errors were found in collar locations at that time.<br>The Mine Planar Grid has a common easting and northing origin at 56066.657E 12923.481N equivalent to MGA94_53 at 556066.657E 6712923.481N. Elevations are the same as the truncated MGA94_53 grid.<br>All recent (post-2006) surface survey coordinates and underground survey coordinates were recorded in Mine Planar Grid.<br>Historic surface down hole survey methods included use of a Reflex Tool, Ranger, Eastman Single Shot, Down Hole North Seeking Gyro and Down Hole Gyro. |
| Data spacing and distribution | The deposit was drilled from surface predominantly on nominal north-south 50 metre sections, however areas of greater than 100 x 100 metre drill spacing do exist.<br>Underground diamond drill holes were generally designed to intersect the Malu |

| Criteria | Comments |
|---|---|
| | Underground Mineral Resource close to perpendicular. Areas drilled within the Malu Underground Mineral Resource have been closed up to an approximate 50 x 50 metre resource spacing with additional infill grade control drilling down to an approximate 25 x 25 metre spacing. Resource delineation drilling is ongoing in this resource.<br>The data spacing and distribution in the Mineral Resource areas has been sufficient to support geological and grade continuities for the purposes of generating mineral resources and their classification.<br>Drill hole assay data was broken down into geological and mineralised domains as defined by wireframe boundaries, and then sample compositing was applied. A sample composite length of 2 metre was used for Malu. |
| Orientation of data in relation to geological structure | In the Malu Underground Mineral Resource area, the surface diamond and RC drilling was conducted generally perpendicular to the strike of mineralisation. Mineralisation dip is sufficiently steep that drilling from either side relative to the strike will have introduced minimal bias.<br>Underground diamond drilling was completed in fans from the available drilling platforms adjacent to the orebody. Drilling was designed to intersect the orebody as close to perpendicular to the strike of the mineralisation as possible to prevent the generation of sampling bias. |
| Sample security | Access to the Prominent Hill site is secured with a manned security gatehouse. No external access to the Prominent Hill site is possible without direct authorisation from the site Management.<br>Diamond core is drilled by the drilling contractor and brought to the Prominent Hill core processing facilities by a diamond driller or collected from the drill rig by a geology technician. Core is measured, geotechnically and geologically logged and cut and sampled by employees of OZ Minerals at the same facility.<br>Samples were dispatched from Prominent Hill site to Bureau Veritas Adelaide (also formerly known as Amdel) through a contracted transport and logistics operator. Sample documentation is delivered digitally to Bureau Veritas where samples are physically verified against the documentation to confirm sample receipt. |
| Audits or reviews | Xstract Mining Consultants conducted an audit of the 31 December 2013 Malu Underground Mineral Resource estimate and associated technical reporting processes and documentation. The audit considered the Mineral Resource estimate had been completed to an acceptable standard and that no fatal flaws were present. It was also their opinion that the Mineral Resource estimate and associated technical documentation had been developed in accordance with JORC Code 2012 guidelines and met minimum international reporting standards.<br>An informal review of underground diamond drill hole sampling and current QAQC procedures was completed in April 2013 by Xstract Mining Consultants Pty Ltd. A number of operational and technical adjustments were identified to improve validation of collected data, interpretation of data and management of QAQC practices. These improvements have been updated into standard operating procedures.<br>An external review of the 2011 Mineral Resource was conducted by AMC Consultants in November 2011. No fatal flaws were identified.<br>External reviews of the Prominent Hill Mineral Resources have been conducted by AMC Consultants and Behre Dolbear Australia since 2006. |

## Section 2 Reporting of Exploration Results

| Criteria | Comments |
|---|---|
| Mineral tenement and land tenure status | Prominent Hill has an endorsed Program for Environmental Protection and Rehabilitation (PEPR) and additional addenda supporting ML6228 and numerous Miscellaneous Purpose Licences and numerous Extractive Mineral Licences.<br>ML 6288, MPLs and EMLs are held by OZ Minerals Prominent Hill Operations Pty Ltd which is a wholly owned subsidiary of OZ Minerals Limited.<br>Mining tenements expire in 2021 and it is expected that extensions to these tenements will be granted as per conditions of the Mining Act 1971 (SA).<br>Access to the Woomera Prohibited Area is secured through a Deed of Access with the Department of Defence and pastoral agreements have been met with the pastoral lease holders of leases 2315, 2341, 2415, 2340, 2153, 2339 and 2527 ensuring access arrangements are secure.<br>In accordance with Part 9B of the Mining Act 1971 (SA) an appropriate Native Title Mining Agreement has been negotiated with the Antakarinja Land Management Aboriginal Corporate for the Life of Mine.<br><br>Comments relating to production royalties relevant to the Mineral Resource estimate can be found in Section 4 – "Costs" |
| Exploration done by other parties | Minotaur Resources Limited announced the discovery of Cu-Au mineralisation at Prominent Hill in November 2001.<br>Oxiana joint ventured into the property in September, 2003 and funded the mineralisation drill out to Inferred Mineral Resource status.<br>In February 2005 Oxiana purchased 100% of the project and by June 2005 had drilled the known mineralisation between 555400mE and 556200mE on a 50m X 50m grid to a depth of 450m below cover.<br>The Ankata deposit was discovered by step out drilling to the west in 2007.<br><br>Significant surface drilling from 2009 to 2011 from both hanging wall and footwall locations within the Malu active mining area, targeting along strike and down dip extensions of the Malu and Ankata deposits subsequently identified the Kalaya mineralisation between the two deposits. |
| Geology | The Prominent Hill iron-oxide copper gold (IOCG) deposit is located in the Mount Woods Inlier, in the north-eastern portion of the Archaean to Mesoproterozoic Gawler Craton, South Australia. Copper-gold-silver (-U-REE) mineralisation at Prominent Hill is hosted within haematitic breccias of felsic volcanic, sandstone, shale, and dolomite. |
| Drill hole Information | No exploration has been reported in this release, therefore there is no drill hole information to report. This section is not relevant to this report on Mineral Resources.<br><br>Comments relating to drill hole information relevant to the Mineral Resource estimate can be found in Section 1 – "Sampling techniques", "Drilling techniques" and "Drill sample recovery". |
| Data aggregation methods | No exploration has been reported in this release, therefore there are no drill hole intercepts to report. This section is not relevant to this report on Mineral Resources.<br><br>Comments relating to data aggregation methods relevant to the Mineral Resource estimate can be found in Section 1 – "Sampling techniques", "Drilling techniques" and "Drill sample recovery". |
| Relationship | No exploration has been reported in this release, therefore there are no |

| Criteria | Comments |
|---|---|
| between mineralisation widths and intercept lengths | relationships between mineralisation widths and intercept lengths to report. This section is not relevant to this report on Mineral Resources. |
| Diagrams | No exploration has been reported in the accompanying release, therefore no exploration diagrams have been produced. This section is not relevant to this report on Mineral Resources. |
| Balanced reporting | No exploration has been reported in the accompanying release, therefore there are no results to report. This section is not relevant to this report on Ore Reserves and Mineral Resources. |
| Other substantive exploration data | No exploration has been reported in this release, therefore there are no results to report. This section is not relevant to this report on Mineral Resources. |
| Further work | No exploration is planned to be completed in the coming periods. Future underground mineral resource delineation work is planned to upgrade the confidence of the Prominent Hill mineral resources. Future exploration work would be considered based on results received from ongoing resource delineation drilling. |

## Section 3 Estimation and Reporting of Mineral Resources

| Criteria | Comments |
|---|---|
| Database integrity | The Prominent Hill database is part of an SQL system.<br>Data is logged directly into the database utilising wireless transfer protocols on 'Toughbook' portable computers.<br>Validation checks are written into the SQL database and these are activated via database and user triggers to ensure the data is correct with respect to fundamental quality issues.<br>Read/write privileges of the primary tables in the database are limited to Mine Geologists. User profiles restrict the data that any individual can access and alter.<br>The database has a log backup each hour.<br>A complete backup is completed each night.<br>Data backup from the previous seven days is stored on the database server.<br>Data older than seven days is backed up onto tape and stored securely offsite. |
| Site visits | The Competent Person works at the Prominent Hill mine site as an employee of OZ Minerals and has a thorough working knowledge of the local geology and operations. The Competent Person has also been involved with the logging of core and the interpretation/review of geological models. |
| Geological interpretation | Global confidence in the geological interpretation is considered to be good and is supported by the open pit and underground mining operations. Local confidence varies depending upon the density of available input data, but is still considered to be acceptable.<br>No assumptions are made regarding the data; all geological interpretations are based on observation of drillhole data, underground face mapping and open pit wall mapping.<br>A material review and update of the Malu geological interpretation was completed in June 2013 ensuring appropriate geological continuity between both the Malu Underground and Open Pit geological interpretations. The update also reflected learning's from a review of elemental geochemical relationships. The December 2013 Malu Underground Mineral Resource estimate has further updated the existing geological interpretation generally where additional drilling post June 2013 has occurred.<br>Mineralisation is generally consistent along strike and down dip. Mineralised envelopes were interpreted on drill section using geological logs, copper grades (≥0.1 percent Copper) and elemental geochemistry. Along strike mineralisation outlines were generally terminated at half the drillhole spacing beyond the last known section of mineralisation. Down dip mineralisation extrapolation is generally less than 50 metre below the deepest sectional intercepts, unless strike geological continuity is being interpreted across undrilled sections from one deeply drilled section to another. |
| Dimensions | Within the Malu Underground Mineral Resource area the Prominent Hill host lithologies are unconformably overlain by approximately 100-150 metres of barren sediments. The upper boundary of mineralisation is located at the unconformity in the Malu Underground Mineral Resource. Malu mineralisation extends over 1500 metres vertically and is open at depth. The mineralised strike length is approximately 1.4 kilometres in length. The mineralised zone is 100-300 metres wide. |
| Estimation and modelling techniques | Updated mineral resource interpolations were completed for the Malu Underground.<br>Statistical analysis was completed for each domain to ascertain the distribution of |

| Criteria | Comments |
|---|---|
| | grades and examine whether any extreme values/outliers existed. The locations of extreme values were investigated and where warranted grade capping was enforced. The number of samples impacted by grade capping was low and sensitivity analysis indicates no material impact on the mineral resource estimate occurs whether grade capping is applied or not.<br>Snowden Supervisor™ version 8.1 was used to complete Variogram modeling. Variograms from the June 2013 update were maintained where the December 2013 variography was still consistent with the June 2013 variography. Otherwise variograms were updated for the December 2013 Mineral Resource estimate update. Where there was little sample support within the domain resulting in poor continuity, an Inverse Distance (ID2) estimate was favoured over an Ordinary Kriging (OK) estimate.<br>The Kriging Neighbourhood Analysis (KNA) function in Snowden Supervisor™ software version 8.1 was used as a means of estimating block size accuracy and conditional bias ahead of estimation. The selected block size for the December 2013 Malu estimate was unchanged from the June 2013 estimate and was as follows:<br>• Malu – 25 metre (X), by 5 metre (Y), by 12 metre (Z).<br>Minimum sub-block 5 metre (X) by 1 metre (Y) by 3 metre (Z)<br>Interpolations were run in VulcanTM software for the domain numbers as follows:<br>• OK - Malu 15, 20, 30, 35, 40, 45, 50, 60, 70, 80, 300, 400, 500, 600, 700.<br>• ID2 - Malu 15, 20, 30, 35, 40, 45, 50, 60, 70, 80, 90, 100, 150, 200, 300, 400, 500, 600, 700, 800, 991, 992, 993, 999, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11.<br>Interpolated elements were: Cu, Au, Ag, Fe, S, U, F, Ba, Al, Si, Ca<br>Estimation passes for the Malu interpolations were generally as follows:<br>• If interpolation did not fill all blocks on the first pass, then the search ellipsoid was doubled.<br>• If interpolation did not fill all blocks on the second pass, then the search ellipsoid was doubled.<br>• First pass search was 50 metre. Second pass search was 100 metre. Maximum search ellipse was 180 metres.<br>Sample searches were generally aligned with geological orientation of domains with consideration of the relevant elemental directional variograms for each domain. Estimation domain boundaries relate to mineralised boundaries and consequently were used as hard estimation boundaries.<br>Inverse distance interpolations for Lithology Domains one through to 14 were completed to provide estimates for the elements Al, Ba, Ca & Si. These elements were found to be independent of the mineralising event and best described by the primary lithological domains. These elements are useful in determinations for Acid Rock Drainage (ARD) potential and material hardness.<br>Post processing scripts were run in VulcanTM software to modify the block model after grade interpolation and included removing negative values, converting ppm to percent, calculating bulk density using Fe regression equations, calculating Cu:S and Fe:Si ratios, assigning metallurgy codes and calculating copper equivalents.<br>Estimates and calculations were validated through visual validation of block estimates in VulcanTM software. Statistical comparisons for raw sample data vs. top cut data vs. declustered data vs. block model data were completed. Swath plots were also reviewed to check local estimation accuracy.<br>The June 2013 Malu Underground Mineral Resource estimate was compared to |

| Criteria | Comments |
|---|---|
| | the December 2013 Malu Underground Mineral Resource estimate. Variances identified were confirmed to be related to updated geological interpretations. |
| Moisture | Tonnes have been calculated on a dry basis.<br>The tonnages of material on resource stockpiles are quoted on a dry basis. |
| Cut-off parameters | Due to no material difference relative to the June 2013 Mineral Resource update, cut-off parameters for the December 2013 Mineral Resource remain unchanged.<br>For Underground Mineral Resources the reporting cut-offs were as follows:<br>• Cu resources ≥ 0.9 percnet Cu Equivalent in Cu Domains<br>• Au resources ≥ 0.9 percent Cu Equivalent in Au Domains<br>Underground cut-off criteria has taken into account current mining, processing, transport and refining costs. The Underground cut-off of 0.9 percent copper equivalent meets JORC 2012 guidelines that material above this cut-off is potentially economically extractable. The copper equivalent percentage was calculated with the following formula:<br>• Cu Eq% = Cu% + ((Au grade * Au price oz AUD * Au mill recovery)/(2204.6226 * Cu price lb AUD * Cu mill recovery * 31.1035))%<br><br>(Cu price USD$3.20/lb, Au price USD$1225/oz, XR AUD=USD/0.82, Cu recovery 89.3 percent and Au recovery 76.4 percent.)<br>It is the Company's opinion that both the copper and gold metal included in the copper metal equivalent calculation has a reasonable potential to be recovered and sold.<br>The recoveries used in the copper equivalent percentage calculation are based on the average Concentrator recoveries for the last three years. These have been 89.3 percent for copper and 76.4 percent for gold. |
| Mining factors or assumptions | Malu Underground Mineral Resources are constrained within the limits of domained copper and gold mineralisation wireframes. The assumed mining method for these mineral resources is sub-level open stoping (SLOS), with a minimum mining width of 5 metres. |
| Metallurgical factors or assumptions | The Prominent Hill processing plant has been operating since February 2009 and comprises a conventional crushing, grinding and flotation circuit to recover copper, gold and silver to produce a high quality concentrate. The plant can process approximately ten million tonnes per annum subject to the ore blend. Plant turndown studies indicate that the plant can be configured to run at two to four million tonnes per annum (blend dependent) for minimal capital expenditure. Lower throughputs could be processed in batches thus providing the ability to process ore at production rates equivalent to Malu Underground and/or Ankata only.<br>The majority of copper mineralisation types in the Malu Underground Mineral Resource also occur in the open pit. These styles of mineralisation have a proven history of economic recoverability to concentrate.<br>Dolomite hosted mineralisation in the Malu Open Pit which hosts high grade gold ore changes with depth in the Malu Underground Mineral Resource to host high grade copper mineralisation. Whilst this type of copper mineralisation has not previously been processed through the concentrator, metallurgical test work shows that copper recoveries are similar to chalcocite ore.<br>With the deepening pit and the increased proportion of underground mineralisation in potential mill feeds, the uranium head grade is predicted to increase. This Mineral Resource estimate assumes a combination of ore blending, concentrate blending, additional flotation treatment in the existing plant and |

| Criteria | Comments |
|---|---|
| | marketing options to manage mineralisation of higher uranium grade. A second Jameson cell will be commissioned in late 2014 to assist with the rejection of entrained impurities. |
| Environmental factors or assumptions | The development of the Malu Underground mine may necessitate changes to the configuration of surface infrastructure and extend the operational life of existing infrastructure but it is not expected to present different environmental risks to the existing operation. The existing integrated waste landform for tailings and waste rock will continue to be utilised.<br>As a part of the 2013 annual compliance reporting process for ML6228 and supporting tenements, a review of items that will require revision in the Program for Environmental Protection and Rehabilitation (PEPR) was completed and works have commenced on ensuring the documents reflect the life of mine activities and their durations. |
| Bulk density | Approximately 67 percent of all Malu Underground Mineral Resource holes have been measured for density. (This equates to 80 percent of all core holes).<br>The method used to estimate density was the entire air-dried core sample weighed in air and water method.<br>Regression analysis of iron assays and density show a strong correlation. A regression equation for density was developed per domain and applied to blocks within each domain.<br>Historically density values have also been estimated by ordinary kriging and are comparable locally and globally with the regression analysis method.<br>Bulk density estimates are regarded as adequate. |
| Classification | The estimate has been classified into Measured, Indicated and Inferred Mineral Resources according to the JORC 2012 code, taking into account drilling density, geological confidence, estimation confidence, contiguity of the mineralisation around the likely economic cut-off grades and consideration of the 'reasonable prospects' test.<br>Malu Underground Resource drill spacing:<br>• Measured Mineral Resources are largely restricted to the areas of 30 metres x 30 metres on approximate 50 metres spaced drill sections, however can extend up to 50 metres x 50 metres spacing.<br>• Indicated Mineral Resources are defined where drill spacing is generally 50 metres x 50 metres or less on approximately 50 metres spaced drill sections.<br>• Inferred Mineral Resources are defined using up to a 100 metres x 100 metres drill spacing and 100 metres spaced drill sections.<br>The mineral resource classification results appropriately reflect the Competent Person's view of the deposit. |
| Audits or reviews | An external review of the reporting cut-off grade for underground mineral resources was conducted by Xstract Mining Consultants Pty Ltd in November 2013. At the time Xstract considered that a 0.9 percent copper equivalent cutoff for underground mineral resource reporting was appropriate and that material that fell above this cut-off criterion met the criteria for economic extraction as stipulated within JORC 2012 guidelines. This assessment is still considered valid with no material variances to assumptions.<br>During October 2013 Xstract Mining Consultants undertook a comparison of the 30 June 2013 Malu Underground Mineral Resource using an independently |

| Criteria | Comments |
|---|---|
| | generated mineral resource estimate. Xstract concluded that both models showed good agreement both visually and statistically at global and local scales.<br>Xstract Mining Consultants conducted an audit of the 31 December 2013 Malu Underground Mineral Resource estimate and associated technical reporting processes and documentation. The audit considered the Mineral Resource estimate had been completed to an acceptable standard and that no fatal flaws were present. It was also their opinion that the Mineral Resource estimate and associated technical documentation had been developed in accordance with JORC Code 2012 guidelines and met minimum international reporting standards. |
| Discussion of relative accuracy/ confidence | The model as reported provides reasonable global estimates of the available copper and gold mineral resources. The model has been validated visually against drilling and statistically against input data sets on a domain and on swath basis. |

## Competent Person Statement

The information in this report that relates to Mineral Resources is based on and fairly represents information and supporting documentation compiled by Colin Lollo, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 225331). Colin Lollo is a full time employee of OZ Minerals Limited. He is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights Plan.

Colin Lollo has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Colin Lollo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Colin Lollo BSc (Geology), has over 18 years of relevant experience as a geologist, including seven years in Iron-Oxide-Copper-Gold style deposits.

This Mineral Resource 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, 2012 Edition).

**Colin Lollo**
**Geology Manager**
**OZ Minerals Limited - Prominent Hill**

## Contributors

- Overall
  - Colin Lollo, OZ Minerals Limited
- Data Quality & Geological Interpretation
  - Phillippa Freeman, Almir Muhic, OZ Minerals Limited
- Estimation & Technical Review
  - Phillippa Freeman, OZ Minerals Limited

Colin Lollo is solely responsible for Mineral Resource classification but has relied on, and checked and reviewed, data and advice from OZ Minerals Prominent Hill geologists regarding data quality, interpretation and estimation.

# OZ Minerals Limited

# Prominent Hill Malu Underground

# Ore Reserve Statement and Explanatory Notes

## As at 31 December 2013

# PROMINENT HILL MALU UNDERGROUND ORE RESERVE STATEMENT AS OF 31 DECEMBER 2013

## Introduction

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

The Prominent Hill deposit is comprised of a number of mineralised zones which include Malu which is being mined by the open pit and is the focus of underground development and Ankata which is being mined from underground.

This Ore Reserve Estimate for the Malu Underground deposit is the first to be published.

The 31 December 2013 Malu Underground Ore Reserves and Mineral Resources are based on the geological block model constructed in February 2014. For a description of the Resource model and its construction refer to the Prominent Hill Malu Underground 31 December 2013 Mineral Resource Statement and Explanatory Notes. The estimated Mineral Resources for Malu Underground include the Ore Reserves.

The Ore Reserves summarised in Table 1 are reported within the current mine design.

All tables are subject to rounding errors.

**Table 1: Prominent Hill – Malu Underground Ore Reserves, June 2014**

| Classification | Ore (Mt) | Cu (%) | Cu (kt) | Au (g/t) | Au (koz) | Ag (g/t) | Ag (koz) |
|---|---|---|---|---|---|---|---|
| Proved | 1 | 2.0 | 20 | 0.3 | 10 | 3.1 | 100 |
| Probable | 10 | 1.5 | 150 | 0.7 | 210 | 3.4 | 1,100 |
| **Total** | 11 | 1.5 | 170 | 0.6 | 220 | 3.4 | 1,200 |

## Key points relating to the Ore Reserves Estimate

### JORC Code, 2012 Edition – Table 1, Section 4, Estimation and Reporting of Ore Reserves

| Criteria | Comments |
|---|---|
| Mineral Resource Estimate for Conversion to Ore Reserves | The details of the development of the Malu Underground Mineral Resource for 2014 can be found in the Malu Underground Mineral Resource Statement and Explanatory Notes as at 31 December 2013 which accompany the Mineral Resource estimate. The Mineral Resource is inclusive of Ore Reserves. |
| Site Visits | The Competent Person is an employee of OZ Minerals Limited, based in Adelaide, and visits site on a regular basis. |
| Study Status | The Prominent Hill open pit mine has been in operation for over seven years and the Ankata underground mine for two years. Studies of Malu Underground completed to date draw from site experience and meet the standards required by the 2012 JORC Code for a Feasibility Study. |
| Cut-off Parameters | A Net Smelter Return (NSR) cut-off grade was used for the Ore Reserve estimate taking into account mining recovery and dilution, metallurgical recovery and all site costs.<br><br>Stopes were designed to an $85 NSR shell. For inclusion in the Ore Reserve, stopes had to have an average NSR of $85 per tonne or greater. The stope design cut-off is subject to review as part of ongoing studies.<br><br>For inclusion in the Ore Reserve estimate, development had to have an average NSR of $25 per tonne or greater. |
| Mining Factors or Assumptions | The Ore Reserve estimate was based on sub-level open stoping (SLOS) with paste fill, the method currently employed at Ankata. Designs and schedules have been prepared for the entire Malu Underground deposit which extends to a depth of 9460RL.<br><br>Geotechnical assumptions for Malu Underground were based on review work completed by Beck Engineering (BAE), and confirmatory work by OZ Minerals engineering and geotechnical personnel based on observations made during mining.<br><br>Twelve stopes have been mined and reconciled in the Ankata Underground mine and these were used as the basis for the dilution and recovery assumptions for Malu Underground.<br><br>The mining recovery and dilution assumptions shown in the table below were used in the Ore Reserve estimate. |

| Criteria | Comments |
|---|---|

Dilution and Ore Recovery

| | | |
|---|---|---|
| Footwall Dilution | 1.5% | Applied to in-situ stope tonnes |
| Hangingwall Dilution | 2.5% | Applied to in-situ stope tonnes |
| Fill Dilution | 4.0% | Applied to in-situ stope tonnes |
| Ore Recovery | 96% | Applied to diluted stope tonnes |

Dilution grades were estimated within a 1 metre thick skin to the north and south of the east-west trending stopes. The dilution grades included in the Ore Reserve estimate are shown in the table below.
Dilution Grades

| Element | Hangingwall and Footwall | Fill |
|---|---|---|
| Copper % | 0.7 | 0.0 |
| Silver g/t | 2.1 | 0.0 |
| Gold g/t | 0.6 | 0.0 |

Only stopes containing more than 60 percent combined Measured and Indicated Resources were included in the Ore Reserve. Inferred Resources within the stopes were treated as waste of zero grade in the Ore Reserve.

The Malu Underground Life of Mine production schedule, which ends in 2025, includes additional Mineral Resources from stopes which have not been classified as Ore Reserves due to the percentage of Inferred Mineral Resources (the proportions of Ore Reserves and Indicated and Inferred Resources are set out below). These stopes were designed using the same costs, economic factors and other modifying factors as the Reserve stopes.

Financial modelling based only on the Ore Reserve showed the project to be viable.

The additional Mineral Resources are adjacent to the Ore Reserve stopes. The Life of Mine Plan envisages the concurrent mining of Ore Reserve stopes and additional Mineral Resources. The recovery of the additional Mineral Resources will not be jeopardised by the mining of the Ore Reserve stopes alone.

| Life of Mine Plan | | Tonnes (Mt) | Cu (%) | Au (g/t) |
|---|---|---|---|---|
| Ore Reserves | Proved | 1 | 2.0 | 0.3 |
| | Probable | 10 | 1.5 | 0.7 |
| Additional Mineral Resources | Indicated | 1 | 1.1 | 1.0 |
| | Inferred | 3 | 1.4 | 0.8 |
| Total | | 15 | 1.4 | 0.7 |

Ongoing resource delineation diamond drilling will test the Mineral Resources in the non-Ore Reserve stopes as the project progresses with a view to their conversion to

<table>
<tr><th>Criteria</th><th>Comments</th></tr>
<tr><td></td><td>Ore Reserves. It should be noted that there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further resource delineation drilling will result in the determination of Mineral Resources or that the Life of Mine schedule will itself be realised.</td></tr>
<tr><td>Metallurgical Factors or Assumptions</td><td>The Prominent Hill processing plant has been operating since February 2009 and comprises a conventional crushing, grinding and flotation circuit to recover copper, gold and silver to produce a high quality concentrate. The plant can process approximately ten million tonnes per annum subject to the ore blend. The current life of mine schedule has the plant running at that capacity until the end of 2019 when open pit copper ore stocks are depleted.<br><br>From then until 2023, throughput will be approximately six million tonnes per annum with a high proportion of stockpiled open pit gold ore. On exhaustion of gold ore stocks the plant will be fed with underground ore alone.<br><br>Plant turndown studies indicate that the plant can be configured to run at two to four million tonnes per annum (blend dependent) for minimal capital expenditure. Lower throughputs will be processed in batches thus providing the ability to process ore at production rates equivalent to Malu Underground and/or Ankata only.<br><br>The majority of the ore types in Malu Underground also occur in the open pit and Ankata. The metallurgical recoveries used for each ore species are listed in the table below.<br><br>
<table>
<tr><td></td><td>Chalcocite dominant</td><td>Bornite dominant</td><td>Chalcopyrite dominant</td><td>Gold-only</td></tr>
<tr><td>Copper</td><td>88%</td><td>80%</td><td>83%</td><td>-%</td></tr>
<tr><td>Gold</td><td>77%</td><td>70%</td><td>65%</td><td>86%</td></tr>
<tr><td>Silver</td><td>80%</td><td>80%</td><td>80%</td><td>80%</td></tr>
</table>
<br>Dolomite ore in the Malu open pit which hosts high grade gold mineralisation changes with depth in the underground mine to primarily host high grade copper. Whilst this type of copper ore has not previously been processed through the concentrator, metallurgical test work shows that copper recoveries are similar to chalcocite ore. The copper ore hosted by dolomite represents 8 percent of the Ore Reserve estimate.<br><br>With the deepening pit and the increased proportion of underground ore in the mill feed the uranium head grade is predicted to increase. This Ore Reserve estimate was based on a combination of ore blending, concentrate blending, additional flotation treatment in the existing plant and marketing options to manage ore of higher uranium grade. A second Jameson cell will be commissioned in late 2014 to assist with the rejection of entrained impurities.</td></tr>
<tr><td>Environmental</td><td>The development of the mine may necessitate changes to the configuration of surface infrastructure and extend the operational life of existing infrastructure but it is not expected to present different environmental risks to the existing operation. The existing integrated waste landform for tailings and waste rock will continue to</td></tr>
</table>

<table>
<tr><th>Criteria</th><th>Comments</th></tr>
<tr><td></td><td>be utilised.<br><br>As a part of the 2013 annual compliance reporting process for ML6228 and supporting tenements, a review of items that will require revision in the Program for Environmental Protection and Rehabilitation (PEPR) was completed and works have commenced on ensuring the documents reflect the life of mine plan.<br><br>Mining tenements expire in 2021 and it is expected that extensions to these tenements will be granted as per conditions of the Mining Act 1971 (SA). Approximately 40 percent of the Malu Underground Ore Reserve is scheduled to be extracted after this date.<br><br>Refer to Table 1, Section 2 “Minerals Tenement and Land Tenure Status” for additional information.</td></tr>
<tr><td>Infrastructure</td><td>Prominent Hill is an operating mine site and the only additional infrastructure required is that necessary to support the Malu Underground mine.</td></tr>
<tr><td>Costs</td><td>Prominent Hill is an operating mine site and capital expenditure is limited to that required to sustain the operation and develop Malu Underground.<br>Operating costs are based on:<br>• Contracts for open pit and underground mining<br>• Historical averages for processing and administration.<br>Life of mine average costs generated as part of the Malu Underground Reserve cut-off evaluation were:<br><table><tr><td>Item</td><td>$/t Ore*</td></tr><tr><td>Malu Underground Mining</td><td>66</td></tr><tr><td>Ore Processing</td><td>12</td></tr><tr><td>Administration</td><td>4</td></tr></table>*All costs subject to rounding<br><br>The unit mining cost represents the Malu Underground portion of underground activities, as an “all in” mining cost which includes operating activities, capital development activities and resource delineation drilling. The life of mine average cost per tonne of ore from the combined Prominent Hill underground operations is expected to be $57. The final cost allocation for accounting purposes between the Malu Underground and Ankata mines was activity driven, resulting in Malu Underground incurring a larger proportion of shared costs.<br><br>Off-site concentrate costs are detailed in the discussion of Revenue Factors. Royalties currently run at 1.5 percent of revenue less all costs (including transport) of converting concentrate into metals. In late 2014 the royalty will increase to 5 percent and this has been reflected in the Ore Reserve.</td></tr>
<tr><td>Revenue Factors</td><td>The Ore Reserves are based on the OZ Minerals LOM Economic Assumptions issued in Quarter 2 2014, a summary of which is tabled below. Metal prices and the exchange rate were derived from the reports of major brokers issued in April 2014.</td></tr>
</table>

<table>
<tr><th>Criteria</th><th>Comments</th></tr>
<tr><td></td><td>
<table>
<tr><td>Parameter</td><td>Units</td><td>LOM</td></tr>
<tr><td>Copper</td><td>US$/lb</td><td>3.20</td></tr>
<tr><td>Gold</td><td>US$/oz</td><td>1,225</td></tr>
<tr><td>Silver</td><td>US$/oz</td><td>21.0</td></tr>
<tr><td>Concentrate Load and Transport</td><td>A$/t</td><td>157</td></tr>
<tr><td>Concentrate Sea Freight</td><td>US$/wmt</td><td>57</td></tr>
<tr><td>Copper Concentrate Smelting</td><td>US$/dmt</td><td>80</td></tr>
<tr><td>Copper Refining</td><td>US$/lb</td><td>0.08</td></tr>
<tr><td>Gold Refining</td><td>US$/oz</td><td>5.00</td></tr>
<tr><td>Silver Refining</td><td>US$/oz</td><td>0.50</td></tr>
<tr><td>Exchange Rate</td><td>AUD/USD</td><td>0.82</td></tr>
</table>
</td></tr>
<tr><td>Market Assessment</td><td>Copper concentrates are sold on the open concentrate market to a range of overseas smelters.<br><br>The Ore Reserve estimate uses OZ Minerals forecast assumptions to estimate the revenue and cost of sales. These items include metal payable scales, land and sea transport from the mine to the customer, ship loading costs, smelter treatment and refining charges, commercial remedies for deleterious elements and royalties.<br><br>Revenue is determined by the metal content, metal payable scales negotiated for the product and the price assumptions.<br><br>The cost of sales includes the transport costs from mine to customer, the negotiated smelter treatment and refining charges and commercial remedies for deleterious elements. The smelter treatment and refining charges are typically negotiated on an annual basis directly with customers with regard to industry benchmark terms. Deleterious elements are accounted for in the product with penalty scales on a pro rata basis according to its content.<br><br>The smelting, transport and refining charges used in the estimate are shown in the table above.</td></tr>
<tr><td>Economic</td><td>The Ore Reserve has undergone full economic analysis to justify its extraction, which has been demonstrated to be viable under reasonable financial assumptions. Evaluation was completed on an incremental value basis as compared to the existing operations at Prominent Hill (Malu Open Pit and Ankata). The Malu Underground was evaluated against a range of criteria including net present value, internal rate of return, cash payback period and cumulative cash flow.<br>The project is most sensitive to changes in exchange rate, then copper price and then operating costs.</td></tr>
<tr><td>Social</td><td>OZ Minerals has advised that all agreements with stakeholders are in good standing and will endure for the life of the Ore Reserve.</td></tr>
<tr><td>Other</td><td>It is considered that the appropriate and necessary approvals, including tenements, are in place to support the mining operations at Prominent Hill, including at Malu Underground.</td></tr>
<tr><td>Classification</td><td>The Ore Reserve Estimate is based on the Mineral Resource contained within designed stopes and classified as “Measured” and “Indicated” after consideration of all mining, metallurgical, social, environmental and financial aspects of the project. The Ore Reserves include Proved Ore derived from the Measured Mineral Resource and Probable Ore derived from the Indicated Mineral Resource.</td></tr>
</table>

| Criteria | Comments |
|---|---|
| | The Ore Reserve classification appropriately reflects the Competent Person's view of the deposit. |
| Audits or Reviews | The Malu Ore Reserve was subject to an internal review and was reviewed by the Competent Person. The Reserve was independently reviewed by OreWin Pty Ltd. OreWin concluded that the Malu Underground Ore Reserve Statement provided by OZ Minerals is considered to be reasonable and adequately supported, and that it is consistent with industry practice for reporting Ore Reserves under the JORC Code. |
| Discussion of Relative Accuracy/ Confidence | Underground diamond drilling, Mineral Resource estimate improvements, mining studies and practical experience at Ankata have combined to improve understanding of the geological and mining aspects of the deposit area.<br><br>The Malu Underground mine will use the same mining method as Ankata with more conservative stope dimensions and in similar ground conditions. Stope dilution and ore recovery are based on reconciled data collated from Ankata.<br><br>Malu Underground will benefit from the infrastructure, processing facilities, operating and sales contracts, studies and technical knowledge in place at Prominent Hill. |

**Compliance with the JORC code assessment criteria**

The information in this report that relates to Ore Reserves is based on and fairly represents information and supporting documentation compiled by Justin Taylor, a Competent Person who is a member of the Australian Institute of Mining and Metallurgy (AusIMM Membership number 307796).

Justin Taylor is a full time employee of OZ Minerals Limited. Justin Taylor is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights.

Justin Taylor has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Justin Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Justin Taylor BEng (Min) has over 30 years of experience as a mining engineer including seven years in Iron-Oxide-Copper-Gold style deposits.

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, 2012 Edition).

**Justin Taylor**
**Principal Mining Engineer**
**OZ Minerals Limited**

**Contributors**

Justin Taylor is solely responsible for the Malu Underground Ore Reserves in this Report but has relied on, checked and reviewed information and supporting documentation provided by Luke Sandery BEng (Min) who is a full time employee of OZ Minerals Limited.