

**OZ MINERALS**  
**FOURTH QUARTER REPORT**

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# HIGHLIGHTS – SOLID PRODUCTION, DIFFICULT MACRO ENVIRONMENT

- > Prominent Hill construction essentially complete. Initial production due mid February. Excellent exploration results both along strike and at depth.
- > Production: Sepon copper and Golden Grove zinc very strong for the year. Other operations solid.
- > Dramatic fall in commodity prices forced the delay/closure of a number of advanced projects including Dugald River, Avebury, Martabe, Sepon Copper expansion.
- > Re-financing activities rapidly progressing with a number of options aimed at consolidating the balance sheet.

# SAFETY AND ENVIRONMENT

- > Total recordable injury rate down from 7.8 (Q3) to 7.3 (Q4). Continued focus on safety regardless of economic downturn.
  
- > Five significant environmental incidents:
  - Century port facility in Karumba, EPA concerns regarding dust management and air monitoring.  
**Action taken:** air emissions specialist engaged to review the monitoring programme.
  - Three elevated concentration discharges of cadmium in mine water.  
**Action taken:** upgrade of the mine water treatment system underway.
  - Chemical flow into underground workings at Golden Grove.  
**Action taken:** no effect on the quality of mine water discharge, continue to monitor.

# Q4 PRODUCTION SUMMARY – CONTAINED METAL

<b>Copper</b> at Sepon	16,156t		
<b>Copper</b> at Golden Grove	2,098t	<b>Total copper</b>	18,254t
<b>Zinc</b> at Century	125,333t		
<b>Zinc</b> at Golden Grove	59,825t		
<b>Zinc</b> at Rosebery	21,357t	<b>Total zinc</b>	205,975t
<b>Gold</b> at Sepon	27,551oz		
<b>Gold</b> at Golden Grove	14,647oz	<b>Total gold</b>	42,198oz
<b>Nickel</b> at Avebury	1,129t	<b>Total nickel</b>	1,129t

# 2009 MINE OUTLOOK

- > **Golden Grove:** record 4Q zinc production/ revised mine plan at Gossan Hill/ closure of Scuddles significantly increases 2009 forecast Cu production. Maintaining steady mill throughput rates in 2009 despite Scuddles closure.
- > **Century:** Steady Zn production but decline in waste expense due to natural decline, deferral of 8m BCM into future years and greater in pit dumping.
- > **Sepon Copper:** installation of second autoclave reduces operating risk resulting in increase to forecast production.
- > **Sepon Gold:** production holding up well with steady grades assisted by higher gold price albeit declining mine life.
- > **Rosebery:** steady production forecast.
- > **Avebury:** final production in Q1.
- > **Prominent Hill:** initial production in Q1.



# PROMINENT HILL PROJECT STATUS

**AS OF 31 DECEMBER 2008**

**Mining** **76M bcm mined**

**Infrastructure** **99% complete**

Village	100%
Access road and airstrip	100%
Main water pipeline	100%
Tailings facility	100%
Powerline	100%
Concentrate haul road	99%

**Process plant** **96% complete**

Earthworks	100%
Concrete	100%
Tankage	100%
Structural steel erection	100%
Mechanical & Piping	97%
Electrical installation	88%

**Overall Construction** **97% complete**

Construction of the plant and infrastructure is essentially complete with only minor small bore pipe work and electrical and instrumentation works to complete.

Pre-commissioning of the crusher and grinding mills is now complete.

Load commissioning of the grinding circuit including ball and SAG mills, rougher flotation cells, thickener and tailings system has commenced.

The reagent and flotation sections about to undergo pre-commissioning activities.

Milling of ore to commence February 2009.

First concentrate production expected mid February.



**Grinding Mills**



**Flotation Building**

# PROMINENT HILL



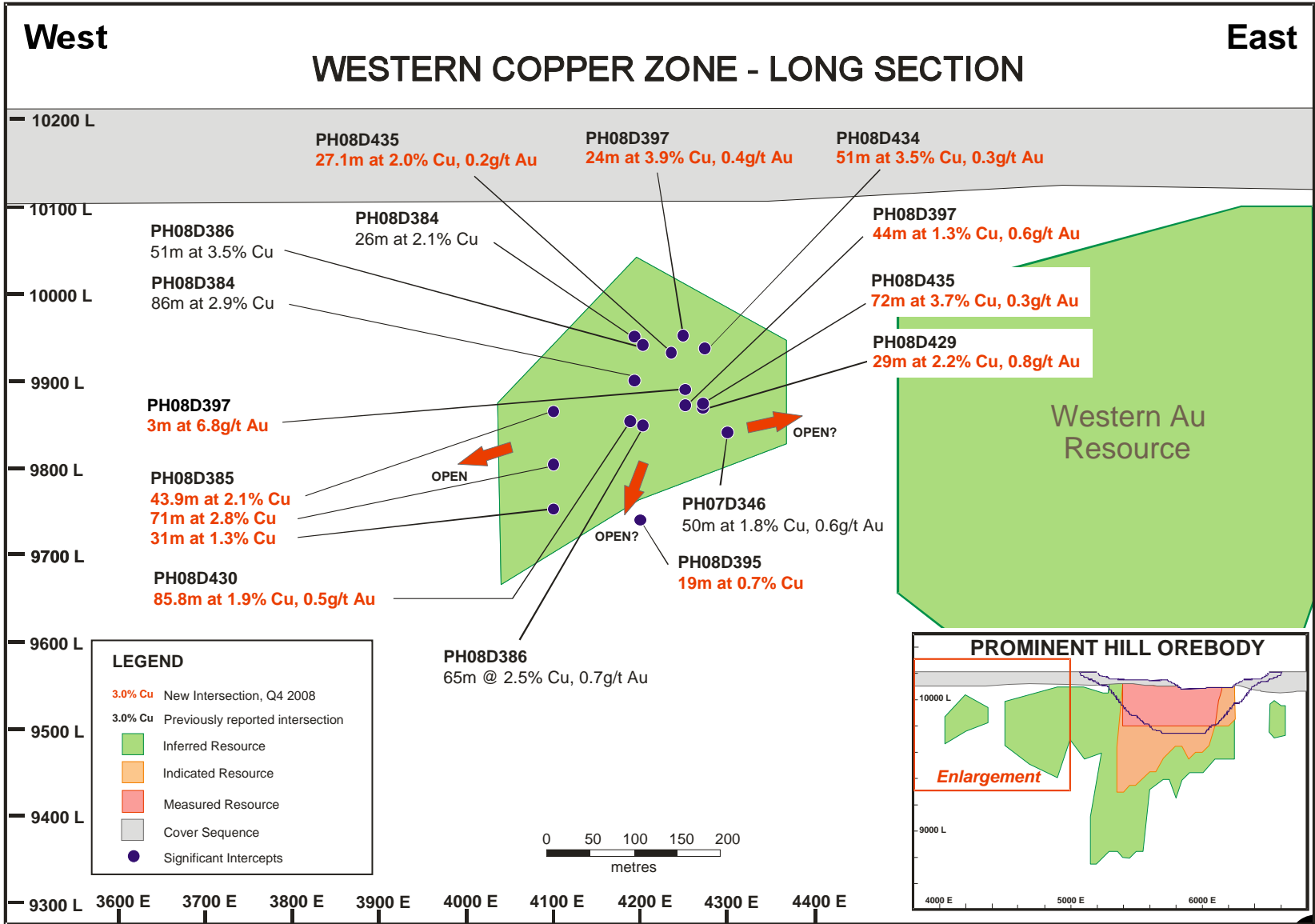
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Photos taken in January 2009



# PROMINENT HILL – RESOURCE UPSIDE POTENTIAL



# AGGRESSIVE RESPONSE TO LOWER COMMODITY PRICES

Following the dramatic slump in commodity prices, the following actions were taken during the quarter and January 2009:

- > Suspension of the Martabe gold silver project in Indonesia;
- > Suspension of the Sepon copper expansion;
- > Deferral of surface facility renewal at Rosebery;
- > Scuddles on care and maintenance and delayed the open pit copper at Golden Grove;
- > Deferral of the Izok Lake and High Lake Feasibility Study in Canada;
- > Deferral of the Dugald River project;
- > Closure of Martabe;
- > Avebury on care and maintenance;
- > Significant reduction in greenfields exploration, concentration on near mine;
- > Implemented a significant operating cost reduction program;
- > 17% workforce reduction since November, 2008.

# FINANCE UPDATE

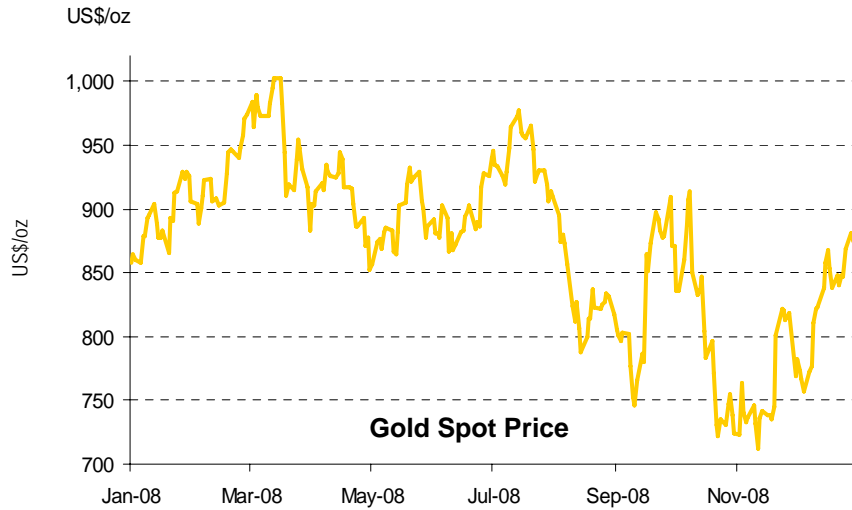
- > Significant progress continues to be made with the various banking syndicates.
- > Goal is still to have a resolution by the end of February.
- > Concurrent with this, there has been significant interest in the assets of the company from mining companies, financial institutions and customers.
- > Other funding initiatives also being considered.
- > Updates will be made on all the above on an ongoing basis.

# MARKET OUTLOOK

- > Significant price declines have been met with escalating mine closures, project deferrals and explorations cuts. All of which will lead to supply constraints when demand picks up.
- > Short term: slower demand. Financial markets and technical factors have limited the upside.
- > LME stocks have increased due to consumer end of year de-stocking, early Chinese new year and lower demand.
- > Treatment charges appear to have been settled at \$75/7.5c for copper for 2009. Cathode premiums have fallen along with contract demand.
- > Freight rates have continued to decline on the back of lower demand and an easing in oil prices. Spot sea freight rates fallen around 90% since peaking in May.

# MARKETS

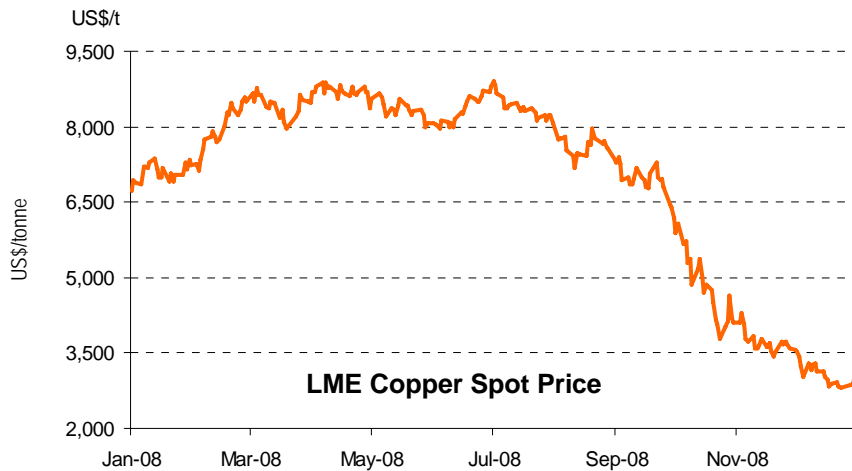
## Gold



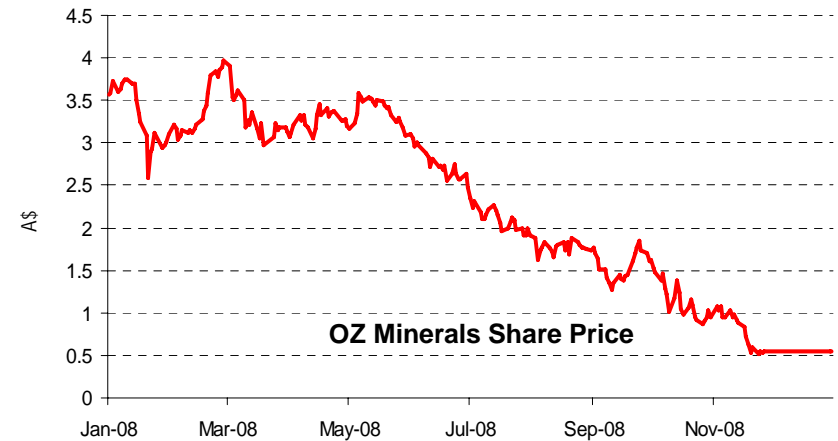
## Zinc



## Copper



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