

20 APRIL 2015

ASX Release

OZ Minerals announces new Strategy



Earning the Potential to Grow

OZ Minerals Managing Director and CEO Andrew Cole today announced the Company's new strategy following the completion of a three-month whole of business review.

Highlights:

- Copper-focused Company targeting the acquisition of value accretive assets throughout Australia and globally with expanded search criteria into other base metals and gold where core capabilities are easily transferable.
- A lean business with reduced costs and value driven performance from the key operation in Prominent Hill underpinned by world-class safety performance.
- New flatter corporate team focussed on strategy delivery with key appointments made or impending, supporting a new lean decentralised business with empowered and accountable leaders operating the assets.
- Rigorous focus on building a customer-centric Company delivering to customer needs.
- Implementation of a new dividend policy targeting a minimum shareholder return of 20 percent of net cash generation not required for investing or balance sheet activity.

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"The resources sector and cycle is shifting rapidly," said Mr Cole. "OZ Minerals response is to become a leaner, highly agile and decisive Company focused on growth and creating long-term value."

"We have, and will continue to make changes across the entire business from a position of operational and balance sheet strength. Our new strategy will touch every part of our operation and demand a new way of working"

"The Company is ideally positioned to maximise cash generation from Prominent Hill as open pit waste movement falls and copper production continues at a strong run-rate."

"Changes in the resources cycle bring opportunities and this strategy is about ensuring we have the foundation and appropriate culture and discipline to capitalise on those."

Today's announcement follows the rollout of several additional significant strategic changes over the last three months:

- Relocating the corporate function to Adelaide.
- Carrapateena initiatives announced on infrastructure and processing technology.
- Strategic partnership with the South Australian Government.
- Divestment of Sandfire Resources shareholding.

OZ Minerals Chairman Neil Hamilton said: "A number of positive actions have already been taken over the last 90 days and the Board is, and will continue to be, supportive of decisive action. The

Board is confident that the strategy announced today provides a clear path to creating value for our shareholders from OZ Minerals' existing assets and through the more aggressive pursuit of growth."

OZ Minerals today also released its Q1 Quarterly production report and 2015 guidance. Full details are provided in a report listed with the ASX and on the Company's website but operational highlights include:

- Strong Q1 production of 31,160 tonnes of copper and 32,874 ounces of gold sets a robust foundation to deliver 2015 guidance of 110,000 to 120,000 tonnes of copper and 100,000 to 110,000 ounces of gold.
- Early decisions taken to deliver cost savings of \$44m.
- Overall improvement in safety across its operations.

OZ Minerals' Strategy – Earning the Potential to Grow.

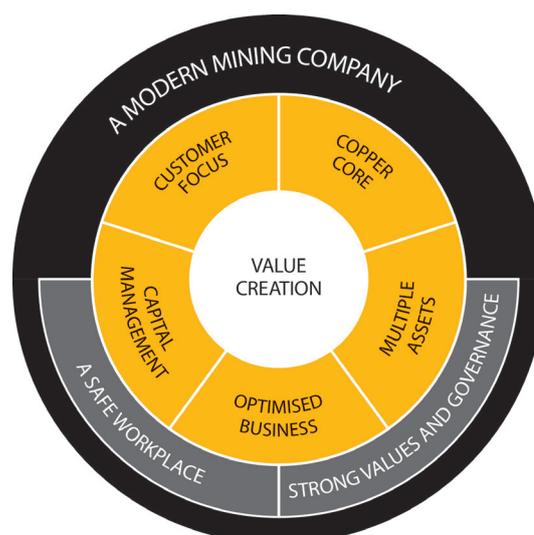
Mr Cole today detailed the new Earning the Potential to Grow strategy in the accompanying presentation, with an overview being;

To create value for our shareholders and other stakeholders, OZ Minerals will focus on four areas:

- **Lean business:** Fit for purpose today with an agile and flexible approach to opportunity.
- **Multiple assets:** Build and maintain a portfolio of valuable, risk managed cash generating assets.
- **Copper core:** Foundation built on copper with base metals and gold opportunistically pursued if value can be generated.
- **Customer focus:** Preferred supplier of mineral products to our customers.

Actions will be underpinned by keeping our workforce safe, maintain our commitment to strong values and disciplined deployment of capital.

The measure of our success will be determined by consistently delivering against strategy.



We're driving a LEAN, highly agile and decisive BUSINESS

- Companywide restructure to create decentralised business with corporate focussed on strategy execution and assets focussed on operational delivery
- A targeted plan to achieve additional and ongoing savings to fuel further Company growth.
- Contracts will be managed to maximise value for OZ Minerals.
- A focus on achieving reliable and predictable production.

We will have a portfolio of MULTIPLE value accretive ASSETS

- Copper maintains a positive outlook with tightening supply post 2016. OZ Minerals' has a strong expertise in copper and these capabilities are transferable to other base metals and potentially gold.
- OZ Minerals will pursue and develop a balanced asset pipeline with a renewed focus on operations currently generating cash or capable of doing so in a reasonable period of time. A new investment criteria without size or geographic limitation has broadened the scope with a focus on balancing risk with value.

- OZ Minerals owns one of the most promising mineral districts in the world with Carrapateena and the regional discoveries at Khamsin and Fremantle Doctor. Work has commenced to increase the value, reduce the risk and defray the initial capital required for Carrapateena, increasing its attractiveness to potential partners. These are:
 - A partnership with the South Australian Government to explore the potential for joint development of infrastructure.
 - Undertaking a rail infrastructure pre-feasibility study and evaluating third party build/own/operate financing options.
 - Investigating a hydrometallurgical concentrate treatment process to increase copper in concentrate to 55-60 percent with a significant reduction in deleterious elements. A demonstration plant trial has commenced.

We will relentlessly drive VALUE CREATION

- The strategy has a clear value proposition to create value for shareholders, underpinned by a disciplined capital approach.
- OZ Minerals' revised dividend policy represents a disciplined and transparent approach. OZ Minerals will endeavor to pay a minimum of 20 percent of net cash generation, subject to investing and balance sheet activity. The policy will allow transparent and consistent distributions to shareholders.

We have already started to deliver on many fronts and will be held to account for continuing this trend

	Lean Business	Multiple Operations
Achieved	<ul style="list-style-type: none"> ✓ New strategy and new targets. ✓ Relocating Corporate office. ✓ Restructuring whole of business. ✓ Divested Sandfire equity. ✓ Suspended Fremantle Doctor exploration. ✓ Revised mine plan. 	<ul style="list-style-type: none"> ✓ Favourable external market. ✓ New investment criteria defined. ✓ Commenced active due diligence.
Future actions	<ul style="list-style-type: none"> Improve safety performance. Strengthen and embed lean accountability. New Adelaide corporate team. Further de-risk Malu open pit. Grow concentrate 'toolbox'. Supplier optimisation and value extraction. 	<ul style="list-style-type: none"> Expand pipeline of opportunities. Add new assets/operations to portfolio. Prominent Hill Malu Deeps study. Carrapateena value adding studies. Partner for Carrapateena (FS and Decline). Disciplined exploration activities.

Further information on the new strategy is provided in the accompanying presentation. Please also refer to the Q1 Quarterly Production report.

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