Dear Shareholder,

On 1 July 2008, OZ Minerals was formed with the merger of Oziana Limited and Zinifex Limited. The company has successfully completed the integration of the Oziana and Zinifex operations and, in this process, identified approximately A$50 million of permanent annual synergy benefits.

Financial Performance

By any measure 2008 was an extraordinary year, characterised by an unprecedented decline in global economic conditions. This was manifested in the rapid and severe decline in base metal prices, particularly in the second half of the year, and a significant deterioration in access to debt and equity markets. This resulted in an extremely difficult operating environment for OZ Minerals and the resources sector more generally. OZ Minerals’ financial results reflected this difficult economic environment and revenue from continuing and discontinuing operations of A$1,218.4 million generated a net loss after tax of A$66.4 million, after asset write-downs and one-off items the net loss after tax was A$2,484.9 million. This performance was overwhelmingly determined by the collapse in commodity prices and was compounded by the high levels of capital expenditure involved with the construction of the Prominent Hill operation and pre-strip mining at Century.

Operational Performance

Pleasingly, throughout this challenging period OZ Minerals remained focused on operational excellence and a number of our sites generated record or near-record production results.
In light of this decision, OZ Minerals and China Minmetals have agreed to an alternative transaction whereby OZ Minerals would sell all of the Company’s assets to Minmetals other than the Prominent Hill operation, Martabe project, certain exploration projects in Cambodia and Thailand and its listed equity interests to China Minmetals for US$1,206 million (approximately A$1,750 million). This revised offer is unanimously recommended by your Board, in the absence of a superior offer. The proposal includes the full repayment of the Company’s debt facilities and also secures the future of operations providing certainty to employees, suppliers and customers. It also sees shareholders retain full ownership of Prominent Hill and exposure to the long-term growth profile of that asset.

The final months of 2008 and early 2009 have been a turbulent period for OZ Minerals and all of its stakeholders and we want to assure you that the Board and Executive Management fully appreciate the stress and concern that these activities have placed on everyone.

Refinancing of debt facilities and Minmetals Offer

From mid-2008 OZ Minerals was negotiating to refinance certain of its debt facilities that were due for renewal by the end of November 2008. Despite the company’s best endeavours to negotiate this refinancing, the suddenness and depth of the credit crisis saw us unable to achieve the refinancing by the due date. The decline in commodity prices, combined with a period of elevated capital expenditure associated with building Prominent Hill and pre-stripping at Century, also had significant impact on OZ Minerals’ profitability and cash flow.

Since October 2008, OZ Minerals actively pursued a number of activities to secure its financial position, including asset sales, pre-selling expected future production and several equity-raising options. In mid-February 2009, OZ Minerals announced that it had entered into an Agreement for the proposed acquisition through a scheme of arrangement for all outstanding shares in OZ Minerals by China Minmetals Non-Ferrous Metals Company. On March 27 2009 the Treasurer of Australia announced that, due to concerns about Australia’s national security interests, he would not approve the scheme if the Prominent Hill operation – which is located in the Woomera prohibited weapons testing area – was part of the transaction.
2008 was a remarkable year for the global economy, the base metals industry and for OZ Minerals. OZ Minerals was formed on 1 July 2008 with a substantial pipeline of development and exploration projects and the financial capacity, based on conditions at that time, to bring those projects into production.

However, the rapid and severe deterioration in base metal prices, particularly in the second half of the year, and the significant contraction in access to debt and equity markets which accompanied the global financial crisis, culminated in an extremely difficult operating environment for OZ Minerals. The company’s financial results reflected this difficult economic environment with OZ Minerals recording an adjusted net loss after tax of A$66.4 million and a net loss after asset write-downs and one-off items of A$1,504.9 million.

OZ Minerals’ share price fell throughout the second half of 2008. Much of this decline can be linked to the general fall in equities markets over that period which was exacerbated by the significant decline in commodity prices, especially zinc and copper.

Notwithstanding our financial performance the company delivered strong operating performance in 2008.

Operations
- Strong production at Century
- Golden Grove zinc production forecasts met, copper production slightly lower than planned but to increase significantly in 2009
- Increasing zinc production from Rosebery due to improved plant performance
- Record production from the Sepon copper operation in Laos with forecast production increasing
- Production to plan at the Sepon gold operation

Development Projects
- Successful start-up and first production from the Prominent Hill copper-gold operation in early 2009
- Installation of the second autoclave at Sepon which will allow increased copper production
- Avebury nickel mine commissioned, placed on care and maintenance in December 2008
- Approvals to mine restored for the Martabe Project* and commencement of construction
- Dugald River** feasibility study completed, resources increased
- Pre-feasibility study completed for the Jok Lake project*

Exploration
- Group copper and gold resources increased significantly through discoveries at Prominent Hill and Sepon
- Identification of a new deposit immediately west of the Prominent Hill mine
- Group zinc resources increased due to the commission of recent discoveries at Golden Grove and Rosebery
- Positive gold results from the Okvau Project in north-east Cambodia
- Extensions to nickel mineralisation identified at Avebury
- Exploration portfolio consolidated to focus on Australia, Asia and Canada

Capital and operating budget reductions
In order to preserve cash, OZ Minerals announced the deferral of several capital projects totalling A$495 million.

Deferred projects included:
- The Martabe gold-silver project
- The Sepon copper expansion
- The surface facility renewal at Rosebery
- The Golden Grove open pit project
- The Jok Lake and High Lake feasibility projects
- The Dugald River project

Cuts to operating expenditure of approximately A$185 million were also made.

* Development project deferred due to capital expenditure reduction measures.
The copper price was more resilient than other base metals throughout most of 2008 as supply difficulties outweighed the deteriorating outlook for demand. By the fourth quarter, concerns about China’s economy and the global credit crisis pushed prices sharply lower to apparent support levels of around US$3,000/t (US$1.36/lb).

Strong global zinc metal production exceeded demand during 2008 seeing prices drop 52 per cent over the year. Refined demand slowed as many of the world’s mature economies contracted amid the emerging credit crisis. In particular, demand from the construction and automotive industries across Europe, the USA and Asia was weaker than expected. Production cuts during the latter part of the year provided support to the zinc price.

The gold price ended the year almost unchanged despite having traded in a relatively wide range through the course of the year in March 2008, gold prices reached a new record level above US$1,000/oz, before trading to a low of US$720/oz in November 2008. Gold prices subsequently strengthened in the fourth quarter due to “safe haven” buying at a time when other commodities were being hit particularly hard by global economic concerns.

Nickel prices fell by over 70 per cent from the March 2008 peak of US$33,300/t (US$15.10/lb) as the global nickel market remained in surplus. Weak demand for stainless steel outweighed disruptions to mine supply and project delays. The historically high nickel prices experienced since 2007 had encouraged a new supply source of nickel in pig iron, particularly for Chinese stainless steel producers which exacerbated the over-supply.
Who we are and where we operate

OZ MINERALS IS THE WORLD’S SECOND LARGEST PRODUCER OF ZINC AS WELL AS A SUBSTANTIAL PRODUCER OF COPPER, LEAD, GOLD AND SILVER.

OZ MINERALS WAS FORMED IN 2008 THROUGH THE MERGER OF AUSTRALIAN BASED, INTERNATIONAL MINING COMPANIES OXIANA LIMITED AND ZINIFEX LIMITED.

THE COMPANY CURRENTLY HAS MINING OPERATIONS LOCATED IN AUSTRALIA AND ASIA AND A PORTFOLIO OF ADVANCED AND EARLY STAGE EXPLORATION PROJECTS THROUGHOUT AUSTRALIA, ASIA AND NORTH AMERICA.
The Century mine in Queensland which is the world’s second largest open pit zinc mine – producing some 500,000 tonnes of zinc annually.

The Golden Grove underground mine in Western Australia which produces concentrates of zinc, copper and other base and precious metals.

The Prominent Hill copper-gold operation in South Australia which started production in early 2009.

The Rosebery mine in Tasmania, a polymetallic underground mine, in operation since 1936.

The Sepon copper operation in Laos which produces approximately 65,000 tonnes of copper annually. The Sepon gold operation which is now in its seventh year of production.

The Martabe gold-silver project in Indonesia.*

The Dugald River undeveloped zinc, lead and silver deposit.*

The Avebury nickel mine in Tasmania, currently on care and maintenance.

An extensive portfolio of exploration projects and joint ventures across Australia, Asia and North America.

*Deferred development project
Our operations

OZ MINERALS’ OPERATIONS ARE DIVERSIFIED BY GEOGRAPHY AND COMMODITY
Exploration at Century is focused on a number of targets in the Century mine lease including the Watson’s Lode prospect, 10 kilometres south of Century. Drilling in 2008 extended mineralisation to over 1,200 metres of strike, and further work is required to evaluate the resource potential of this high grade zinc-lead lode. Exploration extended the Silver King zinc-lead lode to over 800 metres of strike, however, scoping studies indicated that the mineralisation is unlikely to be economic at current commodity prices.

The tenements around the Century mine are being explored for similar shale hosted deposits and a comprehensive targeting exercise has generated a suite of quality targets.

Century

Operations

In 2008, 513,571 tonnes of zinc in concentrate and 56,387 tonnes of lead in concentrate was produced at Century. This was in line with guidance for the year and slightly above the previous year’s production. The Century deposit is covered by a large volume of unmineralised waste material which must be removed to access the ore. Costs were elevated in 2008 due mainly to the large volumes of pre-stripping required. Cash costs associated with this pre-stripping mining are expected to be lower in 2009, with a reduction in pre-stripping from 40 million bank cubic metres to 24 million bank cubic metres.

During the year a new ball mill was installed to enable increased zinc recovery from ore.

Exploration

Exploration at Century is focused on a number of targets in the Century mine lease including the Watson’s Lode prospect, 10 kilometres south of Century. Drilling in 2008 extended mineralisation to over 1,200 metres of strike, and further work is required to evaluate the resource potential of this high grade zinc-lead lode. Exploration extended the Silver King zinc-lead lode to over 800 metres of strike, however, scoping studies indicated that the mineralisation is unlikely to be economic at current commodity prices.

The tenements around the Century mine are being explored for similar shale hosted deposits and a comprehensive targeting exercise has generated a suite of quality targets.
Exploration drilling on the southern leases at Golden Grove in 2008 concentrated on testing the resource potential within 500 metres of surface. Although drilling intersected several discontinuous zones of mineralisation in the Gossan Valley area, potential for near surface economic mineralisation was downgraded.

Golden Grove Operations

Production (contained metal in concentrate) for 2008 was 139,900 tonnes of zinc, 18,467 tonnes of copper, 13,330 tonnes of lead, 47,755 ounces of gold and 3,157,837 ounces of silver. Zinc production was well above forecasts and mainly the result of high zinc grades and increased throughput in the December quarter. In 2009 mine scheduling will see reduced zinc production and higher copper production. The nature of the Golden Grove polymetallic mine gives capability to vary the mix of copper and zinc produced.

Golden Grove consists of the Scuddles and Gossan Hill zinc and copper underground mines and the Scuddles plant. As part of measures taken to reduce operating costs, OZ Minerals announced in January 2009 that the Scuddles mine would be put on care and maintenance.

Operating costs at Golden Grove remained competitive at US$43.1c/lb zinc due to extensive long-term margin improvement measures.

In 2007 discoveries at Golden Grove highlighted the potential for further additions to mine life and annual capacity. Expansion studies to investigate the addition of open pit copper mining and possible extensions of the underground mine have been temporarily put on hold due to current low commodity prices.

The Golden Grove underground base and precious metals mine produces concentrates of zinc, copper, lead, and precious metals. The Golden Grove underground base and precious metals mine is located approximately 450 kilometres north-east of Perth and 280 kilometres east of Geraldton in Western Australia.

Concentrates are exported via the Port of Geraldton to customers in China, Japan, India, Thailand and Australia.

Approximately 800 workers are employed at Golden Grove.

As at 30 June 2008 (see OZ Minerals ASX Release 23/12/08 for full statement of Mineral Resources and Ore Reserves) and 31 December 2008.
Prominent Hill

**Operations**

The Prominent Hill copper-gold mine was brought into operation in February 2009. Prominent Hill has been a major focus for the company with construction ongoing over the past two years. The Prominent Hill operation is comprised of an open pit mine, conventional grinding and flotation processing plant with an 8Mtpa capacity, a permanent village, haulage road, power line and bore field.

Prominent Hill concentrates will travel directly to customers including smelters in China and India, via the Adelaide to Darwin railway and the Port of Darwin. Concentrates will also be transported by road to local customers.

First production of Prominent Hill copper concentrates occurred in February 2009.

**Exploration**

Work to define extensions to the Prominent Hill orebody continues. In September 2008 OZ Minerals announced an increase in its global resource base for the project with contained copper increasing by 15 per cent to 2.5 million tonnes, contained gold by 100 per cent to 7.4 million ounces and contained silver increasing by 43 per cent to 22.6 million ounces.
Exploration

Rosebery mine has traditionally had a rolling mine life of six years. Our exploration program, Project Horizons, commenced work in 2006 and expanded the resource by 65 per cent to 11.7 million tonnes. Exploration continues elsewhere on the mine lease.

The potential for a small zinc resource was identified at the Jupiter prospect near the Rosebery mine.

Rosebery Operations

Rosebery produces approximately 700,000 tonnes of ore per annum, which is processed into concentrates containing zinc, lead and copper. Silver and gold is also extracted from the ore and cast into doré bars. Concentrates are transported to the Port of Burnie by rail where they are shipped in bulk carriers to customers in Port Pirie and Hobart.

In 2008, 84,939 tonnes of zinc in concentrate, 28,674 tonnes of lead in concentrate, 2,062 tonnes of copper in concentrate and 30,675 ounces of contained gold was produced at Rosebery.

A pre-feasibility study was carried out in 2007/08 to review the economic merits of renewing the surface facilities at Rosebery. While benefits from replacement of the grinding and flotation circuits at a cost of A$125 million were identified, these projects have been deferred in light of OZ Minerals financing difficulties. Work on a new tailings storage facility continues, however the underground ventilation upgrade has been deferred.

THE ROSEBERY MINE IN TASMANIA IS A POLYMETALLIC UNDERGROUND MINE, IN OPERATION SINCE 1936, WHICH HAS CURRENTLY POTENTIAL TO EXTEND MINE LIFE BEYOND 2020.
New discoveries continue to be made in the Sepon district and exploration for both copper and gold is ongoing with many targets remaining to be assessed. Exploration for further copper resources at Sepon is focused around the Khanong deposit, which is currently being mined, and on the Thengkham and Phabing deposits which lie seven kilometres to the west of Khanong.

Drilling continued to deliver excellent primary copper-gold results at Thengkham East and new zones of primary copper mineralisation were outlined for follow up drilling at Thengkham South. A large-scale geophysics survey undertaken in 2008 will aid in targeting gold and copper mineralisation in 2009.

In 2008, a record 64,075 tonnes of copper cathode was produced, with production forecast to increase in 2009. Sepon copper is sold to manufacturers of cable, wire and tubes in neighbouring countries including Thailand, Vietnam, Malaysia and China.

Sepon Copper

Operations
The Government of Laos holds a 10 per cent interest in Sepon with OZ Minerals owning the other 90 per cent.

The Sepon copper operation commenced operation in 2005 and has consistently produced more than 60,000 tonnes of copper, as cathodes, annually. The Sepon copper operation is based on mining the very high-grade Khanong orebody. The newly discovered, smaller, Thengkham and Phabing deposits will also be mined.

The installation of a second autoclave, designed to increase copper recovery, process reliability and reduce production downtime, was commissioned in the first quarter of 2009.

OZ Minerals had commenced work on an expansion to the Sepon copper operation but the work was suspended until after 2009 due to financial constraints.

In 2008, a record 64,075 tonnes of copper cathode was produced, with production forecast to increase in 2009. Sepon copper is sold to manufacturers of cable, wire and tubes in neighbouring countries including Thailand, Vietnam, Malaysia and China.
Exploration for gold at Sepon is ongoing. Resource definition drilling in 2008 confirmed Houay Yeng as a new high grade open pit gold deposit. Seven kilometres east of the Sepon Gold plant, drilling at the Houay Bang target intersected moderate-high grade (primary) gold mineralisation.

The Sepon Gold Operation is now in its seventh year of production.
This represents a year-on-year Reserve increase of 0.03 million tonnes for copper (2 per cent) and decreases of 0.02 million ounces gold (1 per cent), 12.84 million ounces silver (12 per cent), 18.5k tonnes nickel (33 per cent), 1.11 million tonnes zinc (18 per cent) and 0.1 million tonnes lead (14 per cent).

Drilling subsequent to the 30 June 2008 statement across our sites indicates potential for increases to Ore Reserves and Mineral Resources.

Detailed information on the OZ Minerals Group Resources and Reserves can be found in the ASX Release entitled Mineral Resources and Ore Reserves Statement as at 30 June 2008 and the Explanatory Notes available on the OZ Minerals website www.ozminerals.com.

OZ Minerals’ Resources as at 30 June 2008 show a significant year-on-year increase with gold up 19 per cent, copper up 22.1 per cent and zinc up slightly by 2.3 per cent. Silver and lead decreased slightly by 2.7 per cent and 3.4 per cent respectively while nickel fell significantly (78 per cent) due to the exclusion of the Wiluna nickel laterite resource.

OZ Minerals' Group Mineral Resources (contained metal) as at 30 June 2008 were estimated to contain 19.0 million ounces of gold, 396.7 million ounces of silver, 5.9 million tonnes of copper, 18.2 million tonnes of zinc, 2.6 million tonnes of lead and 0.2 million tonnes of nickel.

The strong lift in Group copper and gold Mineral Resources resulted primarily from the addition of several new discoveries at Prominent Hill and Sepon. However, these discoveries require extensive infill drilling to lift resource confidence before an initial Ore Reserve can be established.

OZ Minerals Group Ore Reserves (contained metal) as at 30 June 2008 were 4.24 million ounces gold, 90.59 million ounces silver, 1.91 million tonnes copper, 5.13 million tonnes zinc, 0.60 million tonnes lead and 0.04 million tonnes nickel.

This represents a year-on-year Reserve increase of 0.03 million tonnes for copper (2 per cent) and decreases of 0.02 million ounces gold (1 per cent), 12.84 million ounces silver (12 per cent), 18.5k tonnes nickel (33 per cent), 1.11 million tonnes zinc (18 per cent) and 0.1 million tonnes lead (14 per cent).

Reserves and Resources

OZ Minerals’ Resources as at 30 June 2008 show a significant year-on-year increase with gold up 19 per cent, copper up 22.1 per cent and zinc up slightly by 2.3 per cent. Silver and lead decreased slightly by 2.7 per cent and 3.4 per cent respectively while nickel fell significantly (78 per cent) due to the exclusion of the Wiluna nickel laterite resource.

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OZ MINERALS HAS A PORTFOLIO OF ADVANCED AND EARLY STAGE EXPLORATION PROJECTS THROUGHOUT AUSTRALIA, ASIA AND NORTH AMERICA.
OZ Minerals had commenced work on developing a 4.5 million tonnes per annum gold mining operation with planned annual production of around 200,000 ounces of gold and two million ounces of silver. Following a review of capital and operating expenditure OZ Minerals announced that development of the operation would be suspended and capital expenditure of approximately US$225 million deferred until after 2009.

In light of its refinancing difficulties OZ Minerals commenced an asset sale program in order to help meet short term funding requirements. The Martabe project remained part of that asset sale process as at the date of this report being published.

REGIONAL EXPLORATION PROJECTS

OZ Minerals is exploring both in its own right and in partnerships with other companies in Australia, Asia and North America.

In late 2008 OZ Minerals reduced its exploration budget to a minimal spend, with its current exploration focussed on retaining assets and core personnel, consolidating data and information, reducing field work, completing planned divestments and prioritising those exploration programs which are time dependent.

Asia

Cambodia

OZ Minerals is exploring in joint venture with a local Cambodian company for gold in the Okvau-Oput area in north-east Cambodia where surface sampling, geophysics and early stage drilling has identified a trend of gold mineralisation. Other areas being explored for gold and copper, include Phnom Chh, 100 kilometres west of Okvau and Ou Anlong north-east of Phnom Penh.

China

In China the Company is targeting discovery and development of large-scale base metals deposits in partnership with Chinese companies and organisations. Active joint venture programs have been exploring for nickel sulphide deposits in Inner Mongolia and for gold and base metals tenements in the Sichuan and Yunnan Provinces. China wide generative programs continue to assess new opportunities for nickel, copper and zinc.

DEVELOPMENT AND ADVANCED EXPLORATION PROJECTS

As well as advanced exploration projects in the vicinity of our existing mines, OZ Minerals also has stand-alone advanced exploration and near-developement projects in Australia, Canada and Indonesia. While requirements to reduce the company’s capital expenditure saw these projects suspended or deferred in late 2008, they remain able to be re-started when economic conditions permit.

Dugald River

The Dugald River deposit is an undeveloped zinc, lead and silver resource in northern Queensland. A feasibility study completed in 2008 increased the resource to 56 million tonnes of 12.7 per cent zinc, 2.0 per cent lead and 39 g/t silver. The study determined that Dugald River is a robust project capable of producing 200,000 tonnes of zinc, 21,000 tonnes of lead and one million ounces of silver for a period of over 20 years. It also concluded that the project had mid tier costs, high grades and significant exploration upside. While the project remains a very attractive zinc deposit, plans to seek Board approval to commence construction of this project were deferred in December 2008 due to the decline in zinc prices.

Nunavut projects

OZ Minerals has a suite of polymetallic base metals and gold assets in the Nunavut Territories of northern Canada. Principal assets include the Look Lake copper, zinc, lead and silver resource, the High Lake copper, zinc, lead and silver resource, gold resource at Lupin and Uluk base metal deposits at Goudar and Hood and around 2,000 square kilometres of exploration tenements. Assets also include gold mining and processing plant and equipment on care and maintenance at the Lupin mine.

The Look Lake resource was the subject of a pre-feasibility study in 2008 which determined that discovery of further resources was required before investment in a full feasibility study was justified.

Martabe

The Martabe project is located in the Province of North Sumatra in Indonesia. The project is based on a gold and silver deposit which contains Mineral Resources of six million ounces of gold and 61.5 million ounces of silver.
Indonesia – Other
Throughout 2008, OZ Minerals assessed numerous opportunities for copper-gold deposits throughout the Indonesian Archipelago. A number of projects were identified and several have been successfully secured under tenement. Surface exploration programs completed to date have outlined several porphyry copper-gold targets for drill testing.

Laos
Laos is a very underexplored country and is considered to offer excellent potential for the discovery of new mineral deposits. OZ Minerals’ primary focus within Laos is the Sepom Mineral District, a highly mineralised 400 square kilometre area that encompasses the Sepom Gold and Copper mines.
OZ Minerals has also identified several other areas which are considered to be highly prospective for base metals mineralisation and tenement applications have been submitted.

Thailand
OZ Minerals is pursuing rich opportunities for bulk commodities in Thailand including iron ore, potash and phosphate.
Nine tenements have been secured for iron-ore exploration in south-east Thailand close to existing road and port infrastructure. Surface exploration including geophysical surveys has been completed along with initial drilling. Further drilling of priority targets is planned and applications have been submitted for additional tenements.

AUSTRALIA
OZ Minerals has been actively exploring around the Century, Golden Grove, Rosebery, Prominent Hill and Avilya mines and is also undertaking regional exploration activities throughout other areas of Australia.

The company holds interests and manages exploration over 4,000 square kilometres of the Lawn Hill Platform in the Mt Isa Inlier in north-west Queensland.
Exploration is also carried out in joint venture with other companies in Australia including the Wagga Tank copper project in New South Wales. Other projects are currently being developed, including the Menzies Dam base metals project in South Australia, and gold and nickel Wiluna tenements in Western Australia.

CANADA
As well as exploration at the Nanavut development projects mentioned previously, OZ Minerals generative activities have focused primarily on project generation initiatives for nickel-copper-platinum group element and polymetallic zinc deposits together with its alliance partners.

AFRICA-EUROPE
Tunisia
OZ Minerals, in joint venture with Albidon Resources, is exploring for zinc deposits over the 4,992 square kilometre Nefza and Rhiffouz concessions in northern and central Tunisia. OZ Minerals may earn up to 70 per cent of the project from Albidon through staged expenditure and a series of cash payments. Drilling in 2008 intersected encouraging near surface zinc and lead mineralisation at two prospects and further evaluation of these and other newly generated targets is required.

Sweden
Following a strategic review of the exploration portfolio a decision was taken late in 2008 to exit projects in Sweden.
OZ Minerals will regularly measure performance against requirements of the OZ Minerals Sustainability Policy and Standards and report publicly on its progress. To improve the accuracy and transparency of reporting, a number of assurance processes were broadened during 2008, including development of an internal audit function and independent external assurance of the OZ Minerals Sustainability Report 2008.

PERFORMANCE IN 2008

Corporate Governance

OZ Minerals’ approach to corporate governance is to have a set of values and behaviours that ensure transparency and fair dealing and protect stakeholders’ interests.

The Board is committed to following the corporate governance guidelines and recommendations set out by the ASX Corporate Governance Principles and Recommendations (ASX Guidelines). The Board believes that the company’s policies and practices comply with the guidelines.

Our People

OZ Minerals employs over 5,700 people* directly, 3,100 contractors* and spans nine countries. Employees were a key element of the company’s response to the sudden economic downturn and sharp fall in commodity prices experienced during 2008. By working together and reviewing all business processes for efficiencies and performance improvements, employees were able to eliminate significant costs from the OZ Minerals business within just a few months. OZ Minerals also adopted an across-the-board remuneration freeze for 2008 impacting salary and short term incentives.

Following is a brief overview of our approach to sustainability and performance highlights for 2008. For more information please see the Full OZ Minerals Sustainability Report website at www.ozminerals.com.

SUSTAINABILITY AT OZ MINERALS

We understand that caring for our people, our neighbours and the environment is critical to becoming a great resources company. At a time when much of the world’s focus is on financial challenges, it is important we maintain focus on our commitments to both the financial and non-financial aspects of sustainability.

The OZ Minerals Sustainability Policy, released in December 2008, details our commitments to economic, social and environmental sustainability and responsible corporate governance. The policy is supported by our core values - Respect, Integrity, Action, Results – which underpin the behaviour of all OZ Minerals employees.

OZ Minerals key sustainability objectives are to:

- Protect the safety, health and wellbeing of our employees and contractors
- Minimise our impact on the environment
- Ensure that the communities in which we operate receive real benefit from our activities
- Be known for our integrity

Since becoming OZ Minerals in July 2008, our focus has been on the alignment and integration of policies, standards, systems and processes.

In August 2008 the OZ Minerals Sustainability Standards were adopted. These are a comprehensive set of standards for management of the safety and health, environmental and social aspects of our business. They are aligned with industry best practice standards such as the International Council on Mining and Metals (ICMM) Sustainable Development framework and the Minerals Council of Australia’s (MCA) Enduring Value.

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Despite these challenges a cross company employee perception survey conducted at the end of 2008 reported a high level of commitment to the company across all sites and at all levels within the company.

In these difficult times, our commitment to employees is to provide leadership and opportunities for development. While the opportunity to reward employees through remuneration is not available, the company will focus on developing and refining a performance management system which ensures that expectations of employees are clearly outlined, that managers act as role models and support their teams, that employees have opportunities to learn and grow in their roles, and to receive ongoing coaching and feedback.

OZ Minerals strives to never compromise on workplace safety and health. It is our belief that all incidents are preventable and every member of the OZ Minerals workforce has a personal responsibility to help create and maintain a safe and healthy workplace. Every person in a supervisory or management role has the additional and very important obligation to provide leadership to their people through their personal behaviour and conformance with all our policies and standards.

During 2008 despite continuing emphasis and initiatives to improve safety, our safety and health performance was not satisfactory. There were two fatalities and one serious permanent disabling injury occurred. In July an employee at Sepon was killed when a lightning strike occurred during installation of a radio tower.

In September a contractor at Prominent Hill was killed in a light vehicle rollover and a contractor at Century sustained a serious permanent disabling injury while conducting drill rig maintenance. OZ Minerals and external agencies conducted thorough investigations of these incidents and the company will implement all recommendations that came out of these investigations. Since the merger was implemented on 1 July 2008 our operations achieved a small reduction (3 percent) in Total Recordable Injury Frequency Rate (TRIFR).

OZ Minerals received recognition for safety innovation, with Avebury and Century receiving awards for development of a cable bolt installation machine and an automatic lighting plant activation system respectively. Our operations also performed consistently well at mine rescue competitions.

Operating in a number of different locations and cultural contexts, we respect cultural heritage and traditional land rights through a variety of programs unique to each operation.
Other examples of our activities included:

- Achieving certification under the ISO14001 standard for our environmental management system at Sepon
- Implementing specific environmental management plans and processes at Prominent Hill in preparation for the transition to full mine operation
- Updating land rehabilitation and closure accounting provisions for all sites, including independent external assessment of these provisions
- Providing ongoing co-sponsorship of a collaborative research program of these provisions run through AMIRA International to identify improved treatments and approaches for reducing the development of acid rock drainage in mining waste materials

Significant work was undertaken in 2008 to fully characterise our group energy and greenhouse gas inventory. Our total energy use in 2008 was 12.86 petajoules. The group’s total greenhouse gas emissions in 2008 were equivalent to 1.09 million tonnes of carbon dioxide. Our greenhouse gas profile largely reflects the on-site emissions from the use of fuel in heavy mobile equipment and vehicles, and the purchase of electricity to run the ore processing plants and ancillary equipment at our mines.

OZ Minerals seeks to improve energy efficiency where clear value to the business can be demonstrated. During 2008 we met our ongoing commitments under the Energy Efficiency Opportunities (EEO) and Greenhouse Challenge Plus programs. Under EEO, Century and Golden Grove undertook work to assess and implement energy efficiency opportunities. At the same time, focus was placed on preparations to meet the requirements of the National Greenhouse and Energy Reporting Act 2007.

During 2008 OZ Minerals had 26 significant environmental incidents and 61 incidences of non-compliance with licence/permit conditions or regulations. Details of these non-compliances and our actions to address impacts and prevent recurrence are available in the full OZ Minerals Sustainability Report.

For more information about OZ Minerals’ sustainability performance see the full Sustainability Report website at www.ozminerals.com.
BOARD OF DIRECTORS

BARRY CUSACK  Chairman

MICHAEL EAGER  Independent Non-Executive Director

PETER MANSELL  Independent Non-Executive Director

ANDREW MICHELMORE  Managing Director and Chief Executive Officer

BRIAN JAMIESON  Independent Non-Executive Director

DEAN PRITCHARD  Independent Non-Executive Director

RONALD BEEVOR  Independent Non-Executive Director

ANTHONY LARKIN  Independent Non-Executive Director

EXECUTIVE COMMITTEE

JOHN NITSCHKE  Executive General Manager – Projects and Technical Services

FRANCESCA LEE  Company Secretary and General Counsel

BRETT FLETCHER  Chief Operating Officer

PETER LESTER  Executive General Manager – Business Development

TIM SCULLY  Executive General Manager – Human Resources

ANTONY MANINI  Executive General Manager – Exploration

DAVID LAMONT  Chief Financial Officer

BRUCE LOVEDAY  Executive General Manager – Business Support

JAN NIBLOCK  Executive General Manager – Projects and Technical Services
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