OZ Minerals Board of Directors has approved the development of an underground mine to complement the open pit mining operations at Prominent Hill.

The underground project feasibility study has confirmed the technical and economic viability of mining the Western Copper satellite deposit. The decision to proceed has been able to be made in light of the decision to retain the existing taxation and royalty arrangements for copper producers.

The underground project will commence immediately with the mobilisation of a contractor for the development of the ventilation shafts. Mine development will commence in October with first ore to be mined in the last quarter of 2011 and full production scheduled to be achieved in the second half of 2012.

The higher grade ore from underground is expected to contribute an average of 25,000t of copper and 12,000oz of gold production each year. This will allow the operation to maintain levels of production close to those currently being achieved over the current life of the Prominent Hill open pit.

Mining will be via sub-level open stoping techniques. Geotechnical assessments indicate above average conditions for development and stoping operations. Figure 1 illustrates the mine layout.

The predominantly chalcocite-bornite ore has similar metallurgical characteristics to that in the open pit and the material can be blended with the open pit feed for processing.

Expected pre-production expenditure on the project is $135 million and anticipated C1 costs of production are competitive at less than US$1.25/lb.

OZ Minerals Managing Director and CEO, Terry Burgess said, “We are very pleased to be commencing the Western Copper project which is a new phase of the Prominent Hill project. In developing this underground mine we are continuing to maximise the value we extract from Prominent Hill. The Western Copper project is a high grade Resource which will increase production from Prominent Hill. It also gives us a better platform from which to test the prospective near mine environment with underground drilling in order to further increase the known Resources.”
The project is based on the Minerals Resources and Ore Reserves shown in the table below.

### Prominent Hill Underground Mineral Resources and Ore Reserves Summary*

<table>
<thead>
<tr>
<th>Classification</th>
<th>Mt</th>
<th>Cu (%)</th>
<th>Au (g/t)</th>
<th>Cu Contained (kt)</th>
<th>Au Contained (koz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Indicated†</td>
<td>6.3</td>
<td>2.23</td>
<td>0.50</td>
<td>140</td>
<td>101</td>
</tr>
<tr>
<td>Inferred</td>
<td>4.0</td>
<td>1.23</td>
<td>0.10</td>
<td>49</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>10.3</td>
<td>1.84</td>
<td>0.34</td>
<td>189</td>
<td>114</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
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<th>Cu Contained (kt)</th>
<th>Au Contained (koz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probable Ore Reserve†** ***</td>
<td>4.5</td>
<td>2.53</td>
<td>0.49</td>
<td>115</td>
<td>71</td>
</tr>
</tbody>
</table>

† Mineral Resources and Ore Reserves are not additive.
* The full Western Copper Resource Statement and Western Copper Reserve Statement can be found at [www.ozminerals.com/Operations/Resources--Reserves.html](http://www.ozminerals.com/Operations/Resources--Reserves.html)
**Using LOM Prices - USD2.25/lb, USD810/oz and 0.80 exchange rate
*** Not all Indicated Resources have been converted to Reserves due to the commodity prices applied. Should higher prices be applied in the future then the remainder of the Mineral Resource would have reasonable prospects for economic extraction.

Based on the experience with delineation of the Western Copper deposit it is expected that infill drilling will prove up sufficient mining inventory to support a production rate of 1.2Mtpa for up to 5 years. The Western Copper deposit remains open along strike to the east.

The Prominent Hill area remains highly prospective for the discovery of further resources both near the existing mine and in the broader 7,000km² region.

The approval of this project is important as it establishes an underground operation which will provide a platform for underground exploration - including within and below the Western Gold Resource and below the open pit - and for the potential development of these areas in the future. Figure 1 shows the selected drilling results in the area between the open pit and the Western Copper Underground Mine.

The Company is spending $20 million on near mine and $20 million on regional exploration in 2010, with the aim of discovering further Prominent Hill-style deposits.

All requisite government approvals for the project have been received.

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Within this statement references to Resources have been approved for release by Sharron Sylvester BSc (Geology), MAIG who is an employee of AMC Consultants Pty Ltd and a Competent Person as defined in the 2004 Edition of the JORC Code. Ms Sylvester has consented to the inclusion of the material in the form and context in which it appears. Within this statement references to Ore Reserves have been approved for release by Ben Wilson BEng(Mining) MAusIMM who is a full time employee of OZ Minerals Limited and is a Competent Person as defined in the 2004 Edition of the JORC Code. Mr Wilson has consented to the inclusion of the material in the form and context in which it appears. Within this statement references to exploration results have been approved for release by Marcel van Eck BSc, MSc (Geology), AIG who is a full time employee of OZ Minerals Limited and is a Competent Person as defined in the 2004 Edition of the JORC Code. Mr van Eck has consented to the inclusion of the material in the form and context in which it appears.
Figure 1: Long Section of Underground Mineral Resources and Western Copper Development