2017 Copper To The World Conference

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All figures are expressed in Australian dollars unless stated otherwise.
Opportunities for the South Australian copper sector

Presentation outline

/ Setting the context
   – Australia and the international copper market
   – Industry sentiment
   – Market overview

/ Opportunities and why South Australia
   – The Gawler Craton

/ OZ Minerals’ projects and exploration
   – Prominent Hill
   – Carrapateena
   – Concentrate Treatment Plant
   – Copper grade comparison

/ Building a pipeline of future opportunities
Australia and the international copper market

Second largest at 13%
- Australia hosts the world’s second largest EDR of copper.
- Australia has about 13% of the world’s copper EDR.
- Chile is the world’s largest copper producer, with an EDR of 28%.

Nearly 70% of Australia’s copper Economic Demonstrated Resource (EDR) is in SA
- SA produces around a quarter of Australia’s mined copper production.
- The Gawler Craton represents nearly 70% of Australia’s copper EDR, broadly in line with Peru (the world’s third largest EDR).
Industry sentiment
What’s been in the media?

Copper has biggest 1-day rise in 2 months

Copper has posted its biggest one-day rise since early April as better-than-expected Chinese economic data allays some concerns about oversupply, prompting a bigger bounce off this week’s near three-week low.

Rio Tinto tips 2017 copper shortage

The problem is: copper is not being discovered fast enough to meet upcoming demand. A study by Wood Mackenzie found that there will be a 10 million tonne supply deficit by 2028. That’s equal to the annual production of the world’s biggest copper mine (Escondida) multiplied by a factor of ten.

There are several reasons for this.

First, it now takes longer to go from discovery to production than ever before in the mining industry. Geological, environmental, and political challenges have brought the average lead time to around 7 years for new mines.

Beyond all of the challenges above, the economics also have to line up. Thomson Reuters GFMS estimates that for new copper supply to be incentivized to come online, the copper price must be $3.50 per pound.

Copper mining is all about grade or scale. The majority of global output comes from mega mines that have massive economies of scale to reduce costs. However, it has been a long-running trend that these mega mines are running out of high-grade ore.

Copper Demand for Electric Cars to be Nine Times Higher by 2027

Copper demand for electric vehicles (EV) and buses could rise to 1.74 million tonnes in the next decade, a new study says.

South Australia will be the leading contributor to Australia becoming the world’s third largest copper producer.

South Australia’s Copper Strategy

OZ Minerals
A modern mining company
Market overview
Supply and grade decline forecast

Demand for mined copper

Average head grade at copper mines

Source: Wood Mackenzie
Opportunities and why South Australia

- Stable, low risk jurisdiction
  - Regulatory environment
  - State government copper strategy
- ~70% of Australia’s known copper resources
- ~10% of the world’s known copper resources
- Well-established supply chains and progressive exploration
- Higher grade IOCG resources
- Potential for broader regional development
- Highly prospective for additional resources
The Gawler Craton

- Mount Woods • With Minotaur Exploration • Targeting brownfield copper resources around Prominent Hill
- Coompana • With Mithril Resources • Targeting copper/nickel magmatic sulphide mineralisation
- Prominent Hill Operation • Open pit and underground operations • Copper concentrate (containing gold and silver)
- Carrapateena Project • Feasibility study underway • IOCG deposit
- Fremantle Doctor
- Khamsin
- Intercept Hill • With Red Tiger Resources • Targeting IOCG mineralisation 30km NW of Carrapateena Project
Prominent Hill

- Copper-gold mine, open pit and underground operations
- Strong ongoing cash generation
- Mine life to at least 2028
- Drilling programs targeting replacement of underground ore reserves and mine life extension
Carrapateena

- Proposed copper gold mine
- First commercial production for H2 2019
- ECI model to accelerate construction readiness and provide cost certainty
- Agile approach to project delivery
- Partnering agreement signed with Kokatha
Concentrate Treatment Plant

- Targeting a premium concentrate of approximately 50 – 60% copper with negligible impurities
- Expected treatment of Prominent Hill and Carrapateena concentrates
- Highest grade concentrate available on the market with no penalties
- Significantly lower freight costs
Copper grade comparison

Grade (% Copper)

Source: Wood Mackenzie

Comparison mines: Almalyk, Andina, Antamina, Antapaccay, Betu Hijau, Bingham Canyon, Buenavista (Candelaria), Candelaria, Centinela, Cerro Verde Mill, Chuquicamata, Collahuasi, Constancia, Cuajone, Desing, El Teniente, Erdener, Escondida, Gay, Highland Valley Copper, Kansanshi, Kokkola, La Caridad, Los Bronces, Los Pelambres, Lutin, Luita, Mina Ministro Hales, Momeni, Mount Isa Cu, Oyu Tolgoi, Polkowice, PT Freeport Indonesia, Rudna, Sakhoo, Sarichshimeh, Sosuego, Toquepala, Toromocho Project, Zhezkazgan
BUILDING A PIPELINE OF FUTURE OPPORTUNITIES

- Domestic and international earn-in agreements
- Opportunities that become value accretive mining operations
- Careful partner selection