



# 2017 Second Quarter Report Presentation

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25 JULY 2017



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## Forward looking statements

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All figures are expressed in Australian dollars unless stated otherwise.

This presentation should be read in conjunction with the Quarterly Report released today.

# Compliance Statements

## Prominent Hill Production Targets Cautionary Statement

Production Targets for the Prominent Hill Underground only are based on:

Proved Ore Reserve 47%  
Probable Ore Reserve 33%  
Measured Mineral Resource 0%  
Indicated Mineral Resource 4%  
Inferred Mineral Resource 16%

Production Targets for the entire Prominent Hill asset are based on:

Proved Ore Reserve 46%  
Probable Ore Reserve 40%  
Measured Mineral Resource 0%  
Indicated Mineral Resource 3%  
Inferred Mineral Resource 11%

The modifying factors used in the estimation of the Ore Reserve were also applied to the Mineral Resources in the generation of the production target. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production targets will be realised.

The Ore Reserve and Mineral Resource Estimate underpinning these Production Targets were prepared by a Competent Person in accordance with the JORC Code 2012. The production targets are the result of detailed studies based on the actual performance of our existing mines and processing plant. These studies include the assessment of mining, metallurgical, ore processing, marketing, government, legal, environmental, economic and social factors.

Further information on Prominent Hill Resources and Reserves is available in the document entitled "Prominent Hill 2016 Mineral Resource and Ore Reserve Statement and Explanatory Notes" which is annexed to the ASX Release entitled "Prominent Hill mine life extended to 2028" released on 15 November 2016 and available at <http://www.ozminerals.com/media/prominent-hill-mine-life-extended-to-2028-and-2016-mineral-resource-and-ore/>. OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

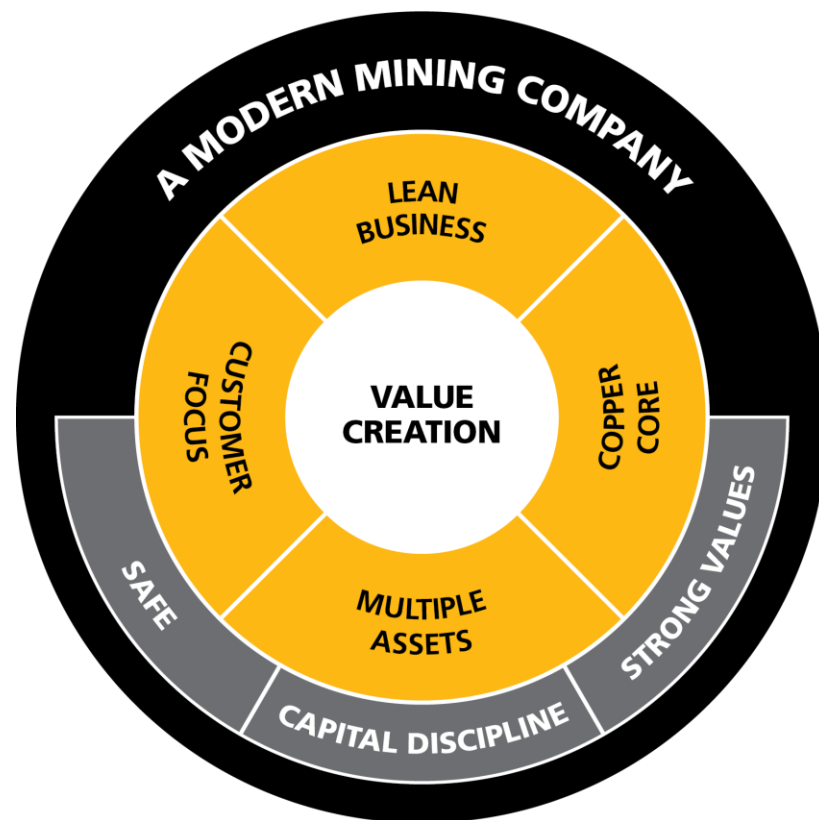
# Delivering on our growth strategy

## How we will work

- **Safety** – Safe work above all else, strive for a workplace with no injuries.
- **Values** – Integrity and strong governance in all aspects of the way we work.
- **Capital discipline** – Commitment to reliably and predictably deliver with disciplined capital deployment.

## What we will focus on

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





# OZ Minerals Portfolio

Operations, Projects and a Growing Pipeline of Opportunities

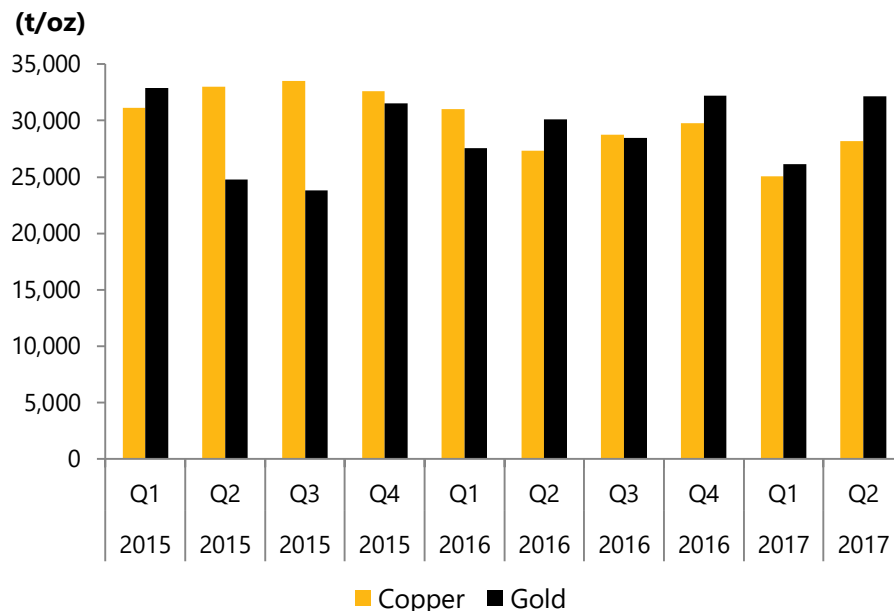
PROMINENT HILL	CARRAPATEENA	WEST MUSGRAVE	GROWTH GAWLER CRATON	GROWTH PIPELINE
OP AND UG MINING	LOW RISK JURISDICTION	ESTABLISHED RESOURCE	KHAMSIN	ELOISE
STRONG CASH GENERATION	20+ YEAR UG MINE LIFE	SCOPING STUDY COMMENCED	FREMANTLE DOCTOR	<del>YANDAL ONE</del>
BOTTOM QUARTILE COSTS	BOTTOM QUARTILE COSTS	OPEN PITTABLE	MOUNT WOODS	COOMPANA
ROM STOCK UNWIND 2018-2023	RAPID PAYBACK	LOW STRIP RATIO	INTERCEPT HILL	ALVITO (PORTUGAL)
RESOURCE TO RESERVE CONVERSION	HIGHEST GRADE Cu CONCENTRATE GLOBALLY	REGIONAL EXPLORATION OPPORTUNITIES		OAXACA (MEXICO)
LONG LIFE	EXPANSION OPTIONALITY			M & A

# Summary

ITEM	Q1	Q2
Contained Copper produced (t)	● 25,079	● 28,163
Contained Gold produced (oz)	● 26,135	● 32,136
All-In Sustaining Cost US c/lb	● 135	● 115
C1 cost US c/lb	● 100	● 81

● Favourable to annual guidance    ● Unfavourable to annual guidance

## CONTAINED COPPER AND GOLD PRODUCED



## PRODUCTION, COSTS & CARRAPATEENA ON TRACK

- / Prominent Hill on track to deliver all guidance metrics
- / Copper production up 12% and gold production up 23% on Q1
- / AISC of US 115c/lb and C1 cost of US 81c/lb
- / Second permanent decline at Prominent Hill on target for breakthrough late August
- / Carrapateena development progressing to plan; breakthrough to second boxcut expected late August
- / West Musgrave studies completed on energy, water and transport logistics
- / Cash balance lifts to \$625 million from \$594 million in Q1 after investment into Carrapateena (\$22 million), ore inventory (\$20 million) and tax payment (\$69 million)
- / Lean, agile and innovative culture program focused on principles and behaviours

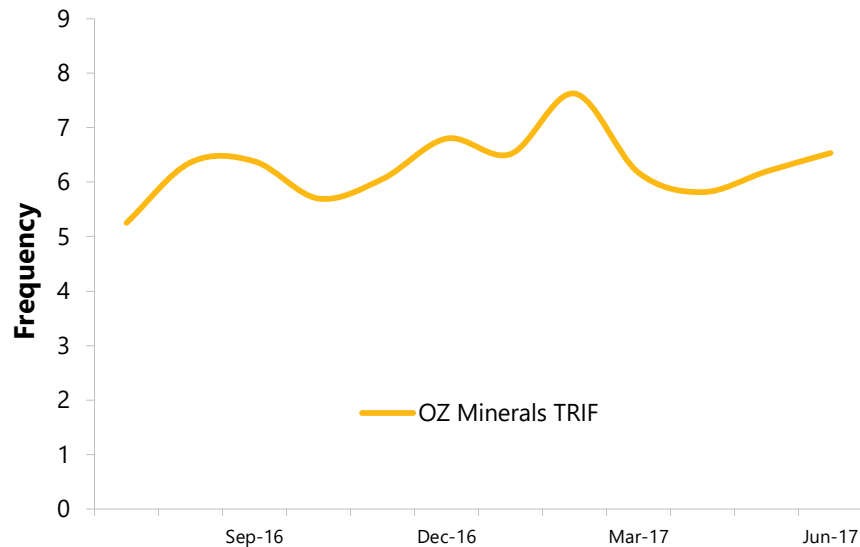
## UPCOMING ACTIVITY

- / Carrapateena feasibility level work packages, Early Contractor Involvement outcomes and updated financial metrics scheduled for release in Q3
- / Completion of West Musgrave scoping study and decision on progression to PFS expected in Q4

# Social Performance

## SAFETY

- / Q2 TRIFR at 6.53; a 6% increase on Q1 (6.18)
- / Small increase in TRIFR driven by 3 vs. 2 recordable injuries in Q2 vs. Q1
- / Safety improvement program for the Prominent Hill underground mine continues positive trend:
  - / 75% reduction in recordable injuries at Prominent Hill underground operation in H1 2017 vs. H2 2016



## OUR PEOPLE

- / Lean, agile and innovative culture program focused on principles and behaviours, setting a path to becoming a modern mining company
- / Joint winners of the South Australian Premier's Award for Social Inclusion for our partnering agreement with the Kokatha
- / Board renewal program complete with equal gender representation providing leadership, mentoring and role models for our emerging female leaders
- / Simplification of systems, policies and standards facilitating cultural shift to lean and agile

## EXTERNAL STAKEHOLDERS

- / Local business supplier information forum held in Port Augusta
- / Native Title Mining Agreement for Carrapateena project progressing well
- / Sponsorship of The Great Kan̄ku-Breakaways Marathon in Coober Pedy and the local gymkhana and motorkhana in Marree

# Cash Generation

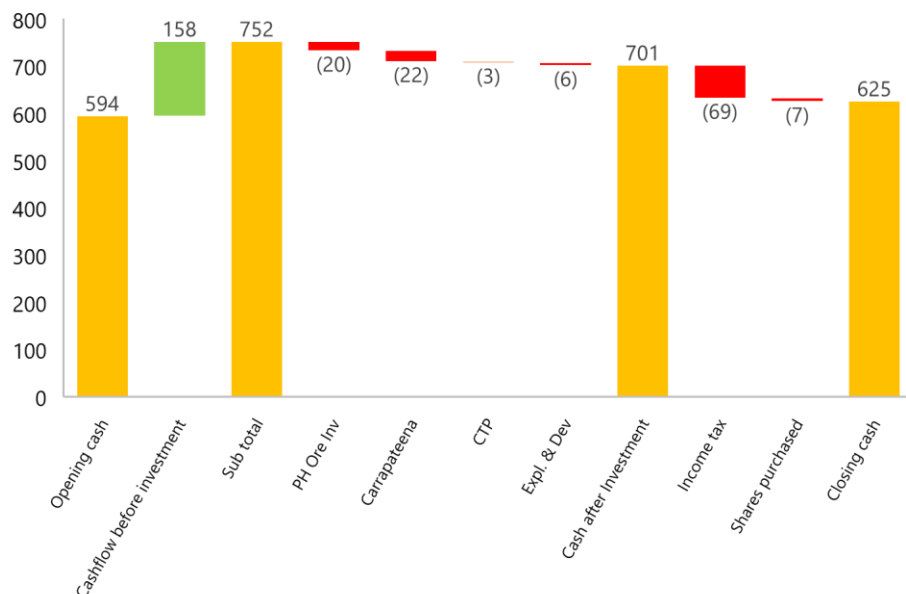
## WORKING CAPITAL MOVEMENTS - QUARTER

A\$M	Mar 17*	Jun 17*	Change
Trade receivables	59	74	15
Concentrate (at cost)**	87	54	(33)
Trade payables	(55)	(61)	(6)
Ore inventory**	532	592	60
<b>Working Capital</b>	<b>623</b>	<b>659</b>	<b>36</b>
<b>Cash balance</b>	<b>594</b>	<b>625</b>	<b>31</b>

\* Balances unaudited \*\* Includes non-cash depreciation

(A\$M)

### Cash Utilisation – Q2 2017



## GROWTH INVESTMENT AND TAXES PAID

- / Unaudited 30 June cash balance of \$625 million with no debt
- / Q2 investment in Carrapateena project of \$22 million
- / Q2 Prominent Hill ore inventory cash investment of \$20 million (plus \$40 million non-cash)
- / Concentrate inventory decreased by \$33 million
- / Gold hedge increased by 18 koz in Q2 bringing total hedge (commencing 2018) to 237 koz at an average price of A\$1,760/oz
- / 2016 income tax provision of \$69 million paid during Q2

## UPCOMING ACTIVITY

- / Increasing capital expenditure through H2 in line with full year guidance
- / Demobilisation of fleet expected to result in lower open pit mining expenditure



# Prominent Hill

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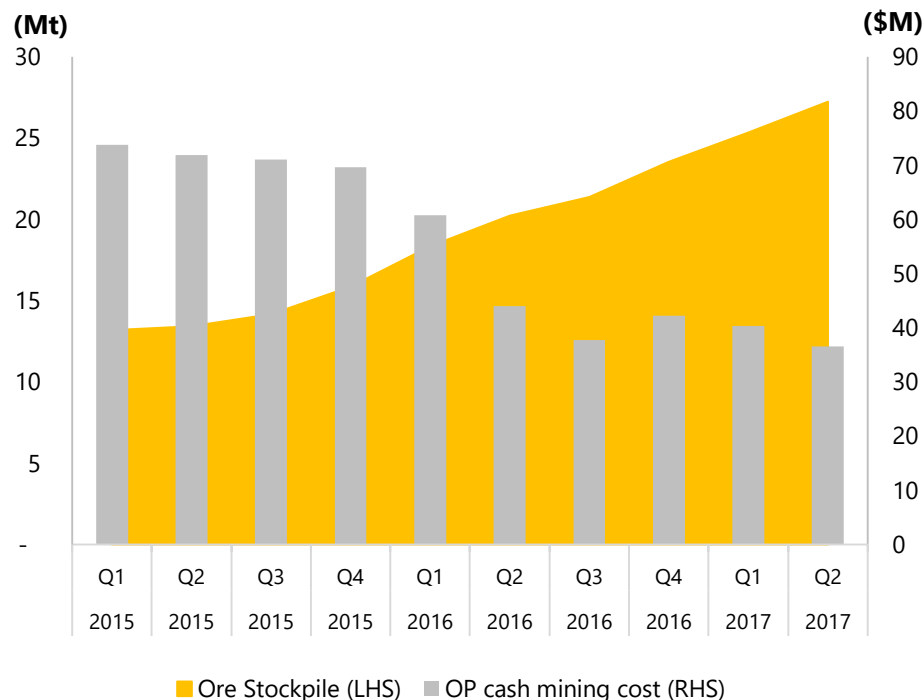


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# Open Pit Performance

ITEM	Q1	Q2
Open Pit ore mined (Mt)	3.7	3.7
Open Pit waste mined (Mt)	2.3	1.9

## OP CASH MINING COST vs. ORE STOCKPILED



## OPEN PIT PERFORMANCE

- / Demobilisation of one excavator and associated truck fleet completed as planned during Q2
- / Ore mined in line with Q1
- / Strip ratio continues to reduce at 0.5:1 for Q2
- / South wall monitoring has identified a potential stability risk in lower andesite zone; remediation cable bolting and buttress installation has commenced
- / Open pit surface maintenance facilities transitioning to underground

## UPCOMING ACTIVITY

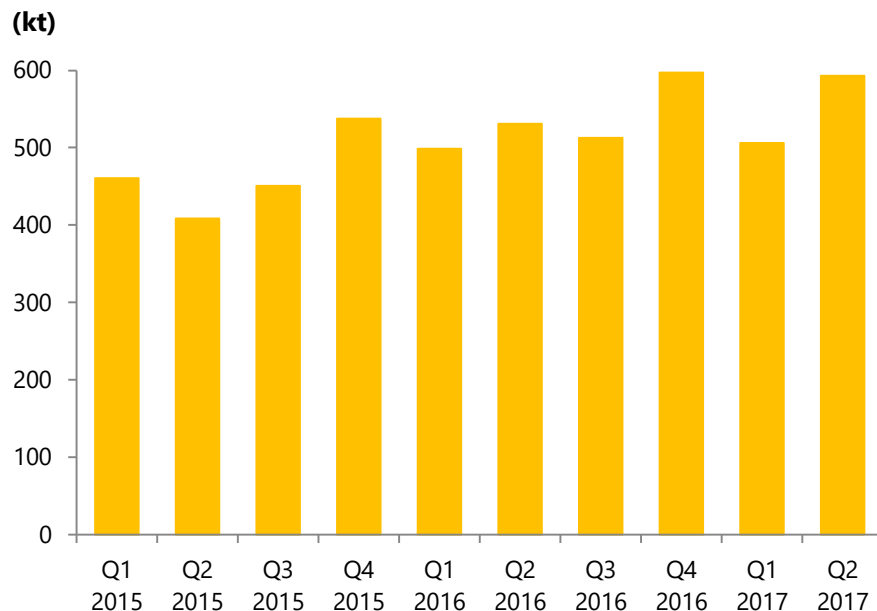
- / Survey drone to be commissioned to scan stockpiles for end of month pick-ups providing safety and productivity improvements
- / Open pit closure mid-2018

# Underground Performance

ITEM		Q1	Q2
Underground ore mined (kt)	● 506 ● 593		

● Favourable to annual guidance ● Unfavourable to annual guidance

## UNDERGROUND ORE HAULED



## UNDERGROUND PERFORMANCE

- / Underground mine contributed 593kt of ore at 2.07% copper
- / Strong underground performance saw a 17% increase in tonnes hauled vs. Q1 as a result of:
  - / Improved truck effectiveness
  - / Mobilisation of two additional haulage trucks
  - / Increased drilled stocks
  - / Adoption of double sided paste exposures reducing schedule constraints
- / Second permanent decline proceeding to plan with 1,079 metres of development (1,282 metres inclusive of associated infrastructure) to date

## UPCOMING ACTIVITY

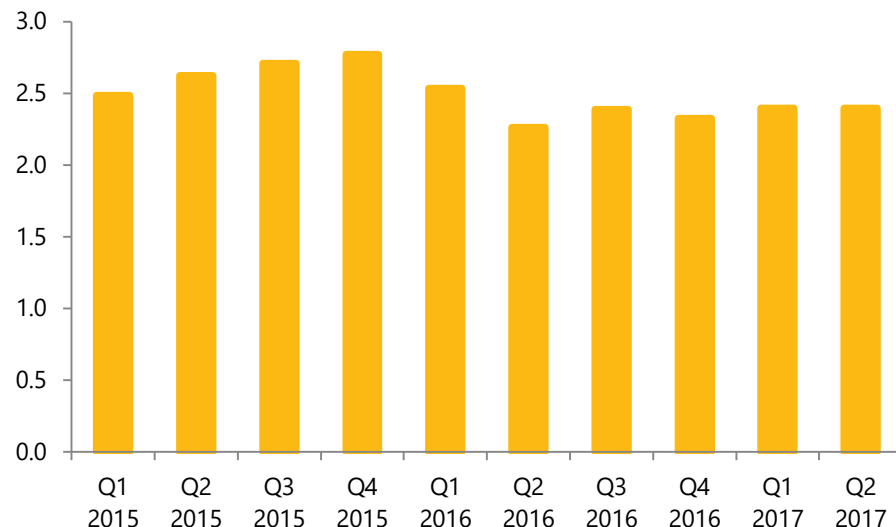
- / Second permanent decline on track for break through in late August supporting increased haulage and production in H2
- / Malu pump station procurement and installation beginning Q3
- / Trial of inflatable 'blast balls' to improve confinement and blast fragmentation

# Processing Plant Performance

ITEM	Q1	Q2
Ore milled (Mt)	2.4	2.4
Copper recovery (%)	87	89
Gold recovery (%)	72	74

## MILL THROUGHPUT

(Mt)



## CONCENTRATOR PERFORMANCE

- / Tonnes milled for the quarter in line with Q1
- / Scheduled concentrator shutdown (17 week cycle) completed safely and ahead of schedule
- / Increased copper and gold recoveries driven by:
  - / Operational cleaner circuit improvements
  - / Higher feed grades
- / Higher quarter on quarter copper head grade reflected increased underground volumes mined and processed during the quarter
- / Preventive maintenance strategies improvement process underway with approximately half of the analysis complete

## UPCOMING ACTIVITY

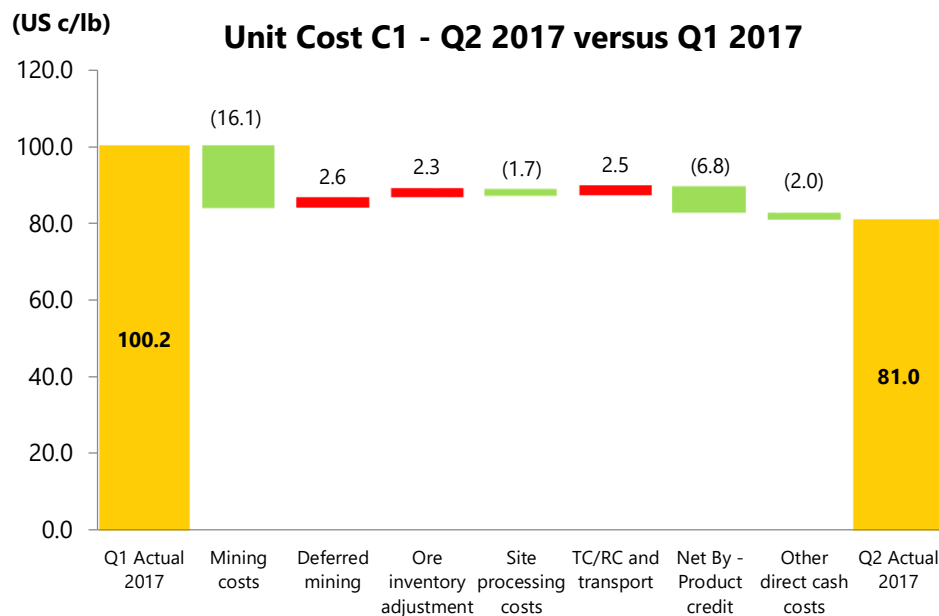
- / Planned tailings storage facility lift underway
- / Evaluation of technology partners in advanced analytics and machine learning to further optimise plant and assist maintenance strategies

# Cost Performance

ITEM		Q1	Q2
All-In Sustaining Cost US c/lb	●	135	● 115
C1 costs US c/lb	●	100	● 81
Open Pit unit costs \$/t	●	6.74	● 6.52
Underground unit costs \$/t	●	65	● 57

● Favourable to annual guidance    ● Unfavourable to annual guidance

## C1 COST ANALYSIS



## STRONG PRODUCTION, COSTS DOWN

- Q2 All-In Sustaining Cost of US 115c/lb; Q1 C1 cost of US 81c/lb
- AISC and C1 cost improvements due to increased copper and gold production and lower mining expenditure as a result of the Q2 open pit fleet demobilisation
- Q2 open pit unit mining costs of \$6.52/t were lower than the prior quarter as a result of one-off cost savings
- Q2 underground operating unit costs of \$57/t were lower than the prior quarter with more tonnes mined and more capital development
- All cost metrics remain on track for annual guidance

## UPCOMING ACTIVITY

- Second decline completion in late August to favourably impact unit cost metrics in H2 through additional underground tonnes
- Completed open pit demobilisation will see total cash costs reduce and unit costs increase through H2

# Carrapateena

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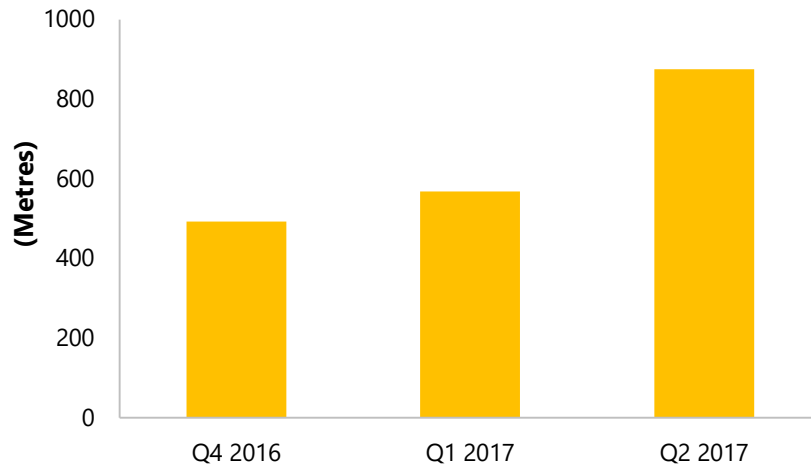


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# Operational Update

## QUARTERLY DECLINE ADVANCE



## GEOTECH. DRILLING FOR ACCESS ROAD



## ACHIEVEMENTS TO DATE

- / Increase in metre advance quarter on quarter with second decline
- / Total decline development at 2,049 metres (1,142 metres to face of Tjati decline); vertical depth 180 metres
- / Decline development rate continues to plan; expected rate of 150+ metres per month, per decline
- / Water drilling completed for the western access road
- / Innovation driving productivity and safety:
  - / Utilisation of Sandvik 422 Jumbo allows for laser navigation and better control of decline alignment
  - / Advanced refuge chambers with remote monitoring and diagnostics system

## UPCOMING ACTIVITY

- / Early investigation commencing into suitability of Roadheader to improve advancement rate through the Woomera Shale

# Second Decline Progression

## AERIAL VIEW OF CARRAPATEENA



## SECOND DECLINE BOXCUT



## SECOND DECLINE ADVANCING TO PLAN

- / Second decline, parallel to Tjati decline, progressing well:
  - / Boxcut development underway
  - / Breakthrough decline on schedule
  - / Short waste rise mined between the two declines, increasing the heading turnaround time and shortening bogging cycle
- / Tjati decline previously larger in design under single decline approach
- / Development waste volumes increase by circa 30% with smaller, dual decline approach
- / Costs associated with volume increase offset with removed requirement for vent rises, emergency egress and spillage protection
- / Dual decline approach driving operational efficiencies and enhancing safety

## UPCOMING ACTIVITY

- / Completion of second decline boxcut
- / Breakthrough into boxcut expected late August to establish primary ventilation circuit

# Concentrate Treatment Plant

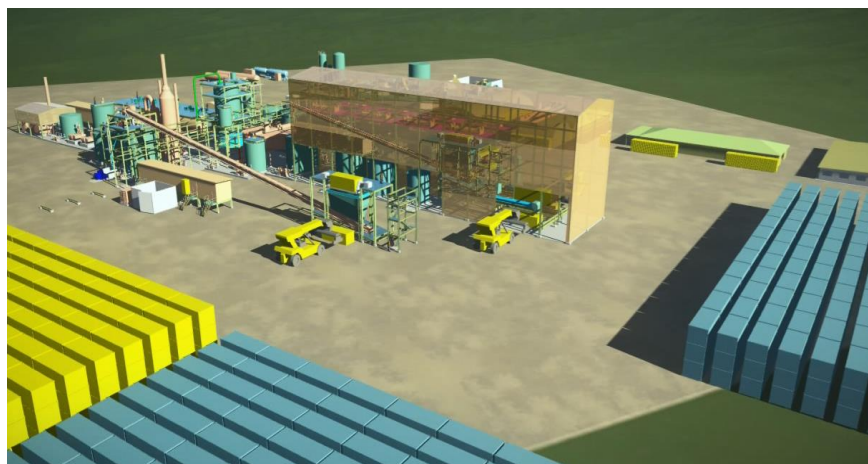
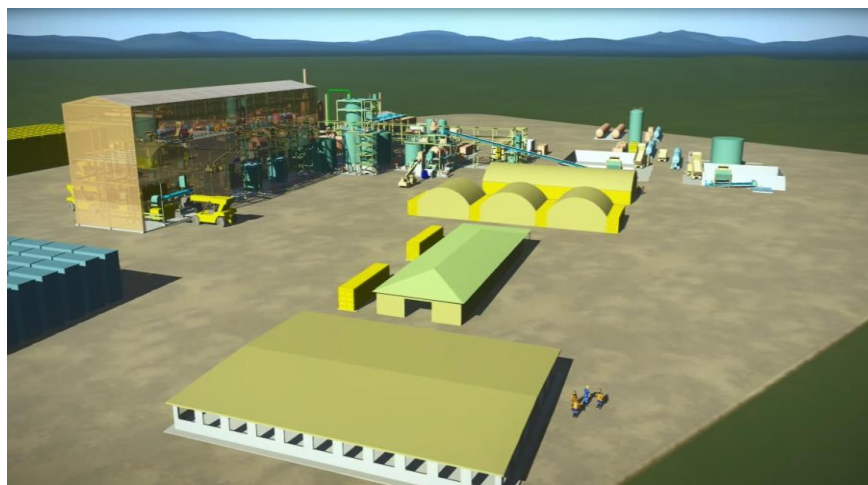
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# CTP Update

## 3D MODEL USED TO OPTIMISE PLANT LAYOUT



## PROGRESS UPDATE

- / Test work focused on opportunities to simplify process configuration, minimise reagent consumption and minimise waste production
- / Improved understanding of the impact of mineralogy on process performance and waste production
- / Updated cost estimates being generated for Port Augusta based plant with most recent flow sheet developments
- / Advanced trade-off studies for plant location and scale, flowsheet, infrastructure and logistics
- / Planning advanced for permitting requirements

## UPCOMING ACTIVITY

- / Pilot scale testing of most recent flowsheet and waste treatment processes
- / Completion of trade-off studies
- / Advancement of baseline environmental monitoring and preparation of approvals documentation for Port Augusta site
- / Ramp up of local stakeholder engagement

# West Musgrave

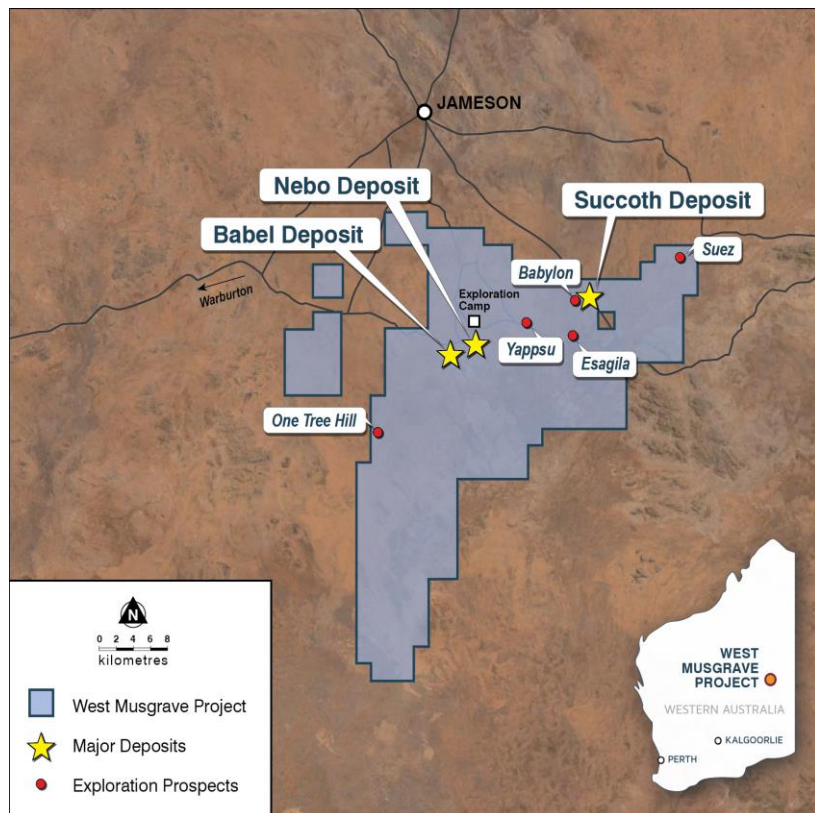
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# West Musgrave Scoping Study



## STUDIES PROGRESSING ON SCHEDULE

- / Energy study completed with conventional and renewable options considered; preferred solution dependent on scale of processing throughput
- / Water study completed; multiple options within 25 kilometres identified for potential development
- / Transport logistics study completed with preferred routes and options confirmed
- / Comprehensive metallurgical testwork program nearing completion
- / Independent metallurgical test work completed with results supporting work completed by primary laboratory
- / Geological interpretation and modelling of Nebo and Babel completed following 11 hole infill and extension drill program; resource update in progress
- / Mining study scope of works finalised and in progress

## ACTIVITY

## STATUS

Metallurgical Test Work	In Progress
Transport Logistics Study	Complete
Energy Study	Complete
Water Study	Complete
Resource Extension Drilling	Complete
Process Plant Design	In Progress
Geology & Resource Modelling	In Progress
Mine Optimisation & Design	In Progress
Study Completion & Delivery	Delivery Q4

## UPCOMING ACTIVITY

- / Metallurgical test work completion expected late July
- / Completion of West Musgrave scoping study and decision on progression to PFS expected in Q4



# Exploration and Growth

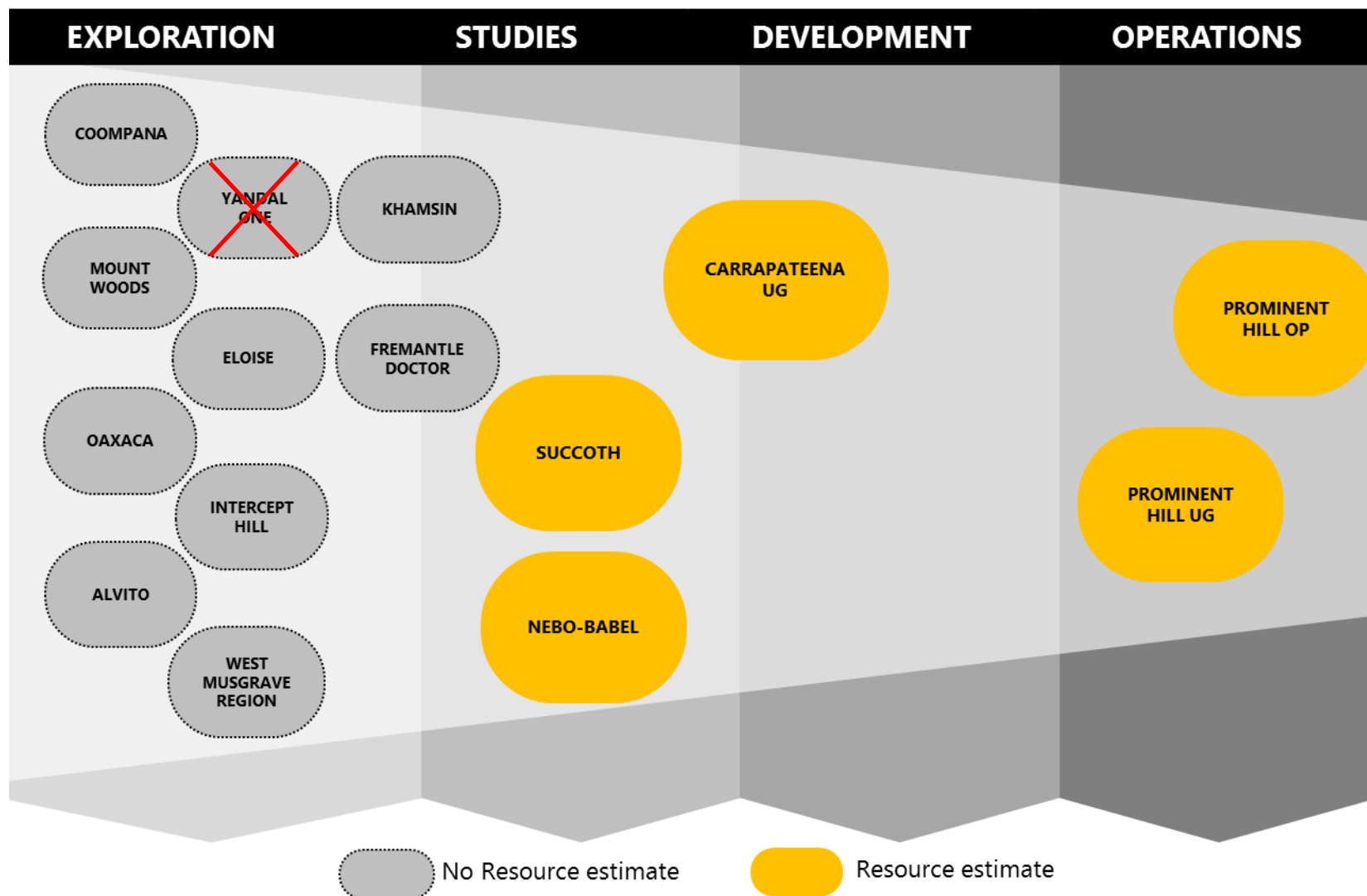
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# Exploration

Pipeline continues to evolve



# Oaxaca Project

## PROJECT LOCATION



Line complete

## OVERVIEW

- / Targeting Copper / Zinc VHMS systems with Acapulco Gold
- / Salina Cruz port, Oaxaca, Southern Mexico
- / OZ Minerals can earn up to 78% by spending US\$6.8 million over 6 years
- / Hosted in bi-modal volcanic and marine sedimentary rocks, early to mid-Cretaceous in age
- / Preliminary field evidence supports a geological setting and geochemical anomalism consistent with VHMS mineralisation

## PROGRESS UPDATE

- / Mapping and geochemical sampling at Riqueza Marina 1 and 2

## UPCOMING ACTIVITY

- / Land access, geological mapping and geochemical sampling to continue during Q3

# Alvito Project



## OVERVIEW

- / Exploring for IOCG mineralisation with Avrupa Minerals
- / 60km southeast of Lisbon, Portugal
- / OZ Minerals can earn up to 75% by spending A\$4 million over 2.5 years
- / Strong mining culture and supportive community with easily accessible terrain for exploration activities
- / On ground activities to be undertaken by Avrupa Minerals with oversight by OZ Minerals

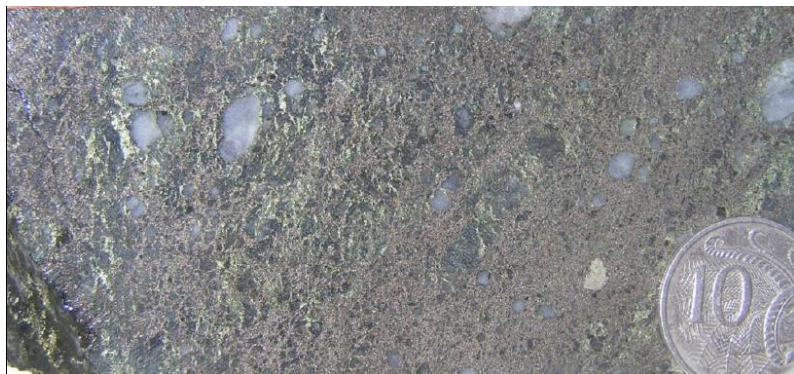
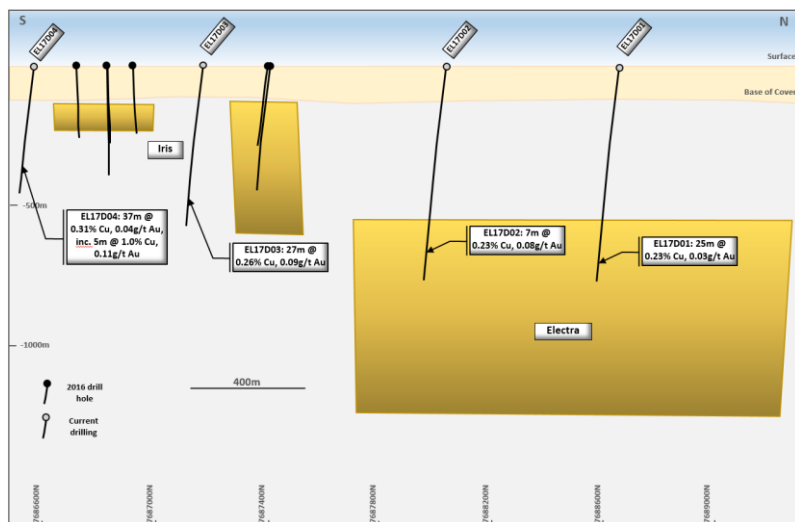
## PROGRESS UPDATE

- / Ground based geophysics program (mag and gravity) commenced during Q2
- / Geological mapping and sampling commenced

## UPCOMING ACTIVITY

- / Geophysics and geological mapping to be completed during Q3
- / Target to be drilled in Q3 / Q4

# Eloise Project



## OVERVIEW

- Targeting Eloise style massive sulphides with Minotaur Exploration
- 60 kilometres southeast of Cloncurry, Queensland
- OZ Minerals can earn up to 70% by spending A\$10 million over 6 years

## PROGRESS UPDATE

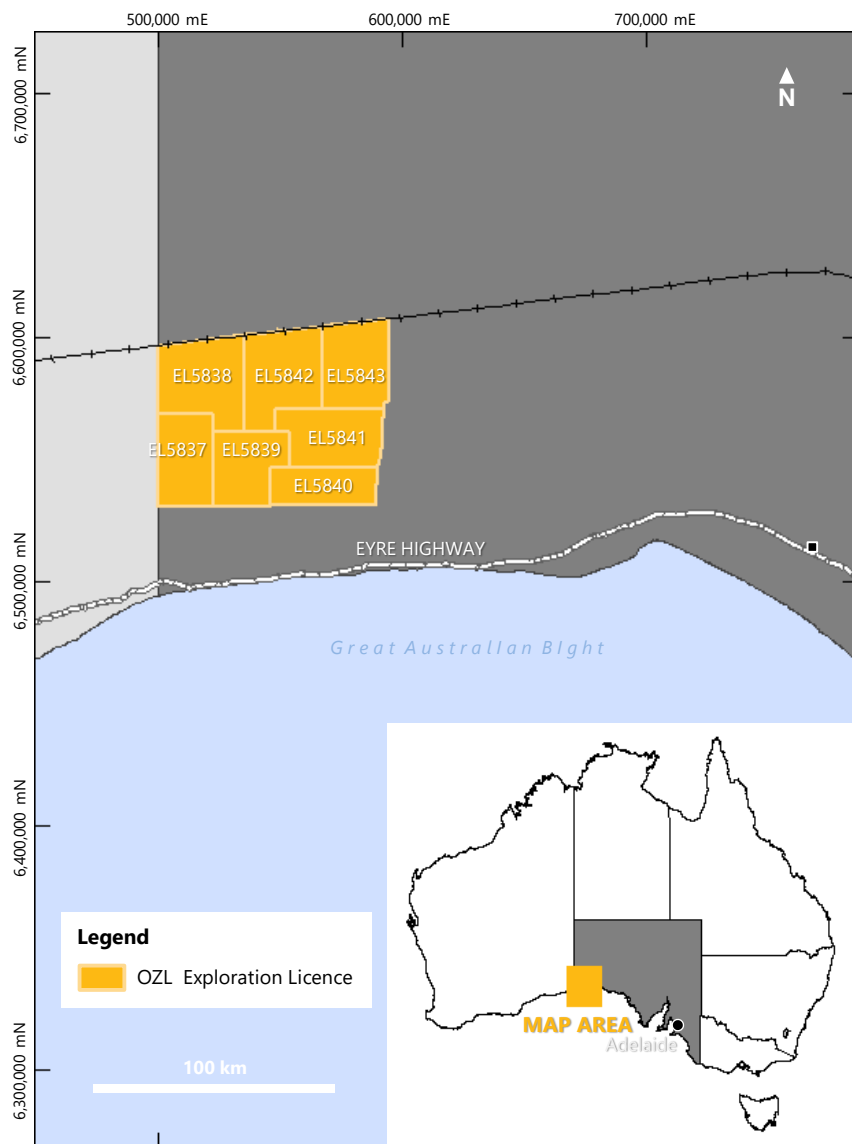
- Four diamond drill holes (~3,000m) completed at the Iris and Electra anomalies; all holes intersected low grade copper and gold mineralisation, including\*:
  - 25m at 0.23% copper and 0.03g/t gold (EL17D01)
  - 7m at 0.23% copper and 0.08g/t gold (EL17D02)
  - 27m at 0.26% copper and 0.09g/t gold (EL17D03)
  - 37m at 0.31% copper and 0.04g/t gold (EL17D04)
- Results reinforce targeting methodology of locating mineralisation under highly conductive cover

## UPCOMING ACTIVITY

- EM survey over Levuka shear zone to be completed Q3

\* This information is extracted from the announcements by Minotaur Exploration Limited titled "Drilling Update at Eloise JV, Cloncurry" and "Eloise JV drill results" released on 16 June 10 & July 2017 respectively, and are available at [www.minotaurexploration.com.au/investor-information/asx-announcements](http://www.minotaurexploration.com.au/investor-information/asx-announcements). OZ Minerals is not aware of any new information or data that materially affects the information included in that announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

# Coompana Project



## OVERVIEW

- / Targeting nickel – copper magmatic sulphides with Mithril Resources
- / Coompana, far south west of South Australia
- / OZ Minerals to dilute to 80% if Mithril elect to co-fund drilling program

## PROGRESS UPDATE

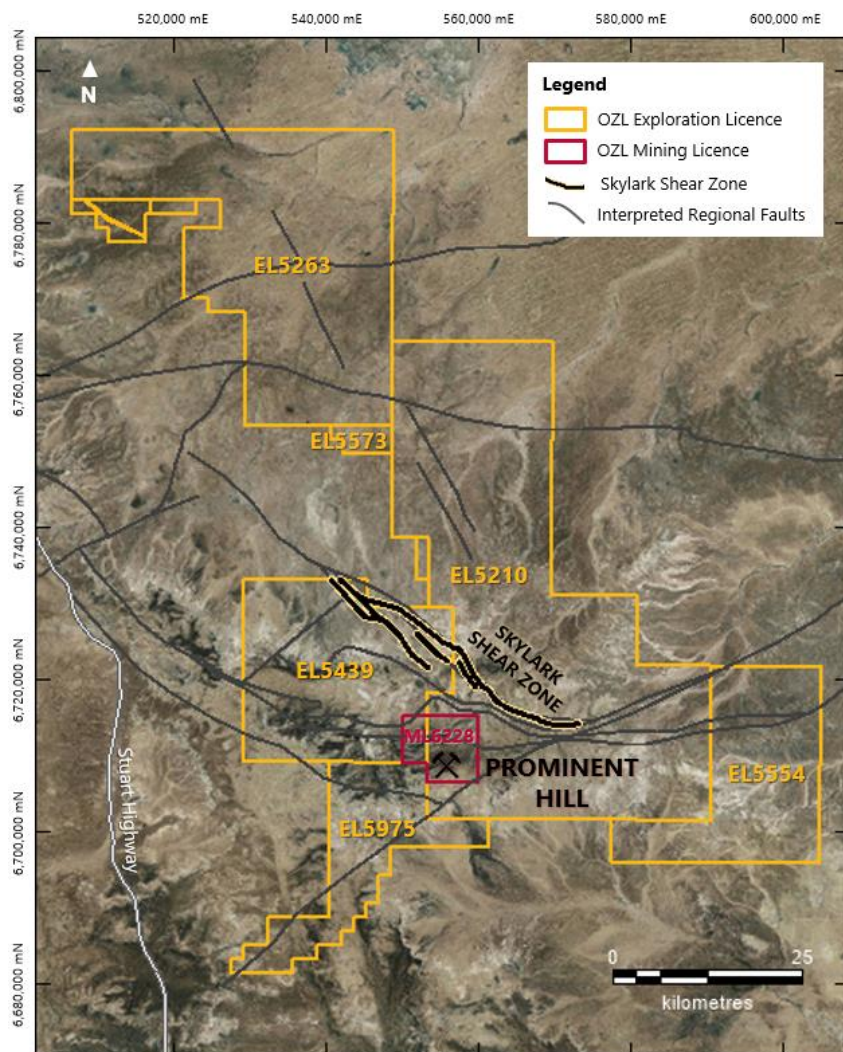
- / State government funded geophysical programs
- / DSD sponsored gravity survey complete
- / Geological Survey of South Australia (GSSA) and Geoscience Australia (GA) scientific drilling underway

## UPCOMING ACTIVITY

- / OZ Minerals to commence discussions with the Far West Coast Aboriginal Corporation (FWCAC) to develop a Native Title Mining Agreement for exploration



# Mt Woods Project



## OVERVIEW

- / ISCG and IOCG exploration with Minotaur
- / Mount Woods Inlier, host of Prominent Hill
- / Alliance formed by co-funding drilling programs on mutually agreed targets

## PROGRESS UPDATE

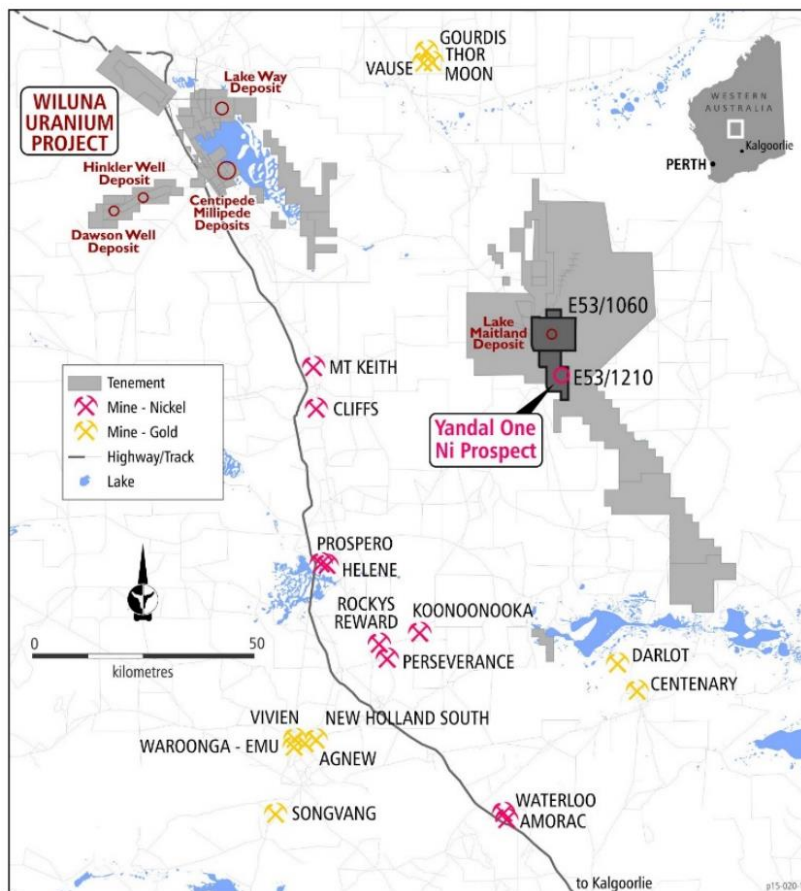
- / 5 holes drilled for 1867.4m completed in Q4 2016
- / Further analysis of results and drill target generation ongoing
- / Bellatrix returned 9m @ 0.41% copper from 242m\*

## UPCOMING ACTIVITY

- / 90 line / km EM survey over the Skylark shear zone

\*This information is extracted from the announcement by Minotaur Exploration Limited titled "Exploration for IOCG and ISCG copper gold giants" released on 2 December 2016 and is available at [www.minotaurexploration.com.au/investor-information/asxannouncements](http://www.minotaurexploration.com.au/investor-information/asxannouncements). OZ Minerals is not aware of any new information or data that materially affects the information included in that announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

# Yandal One Project



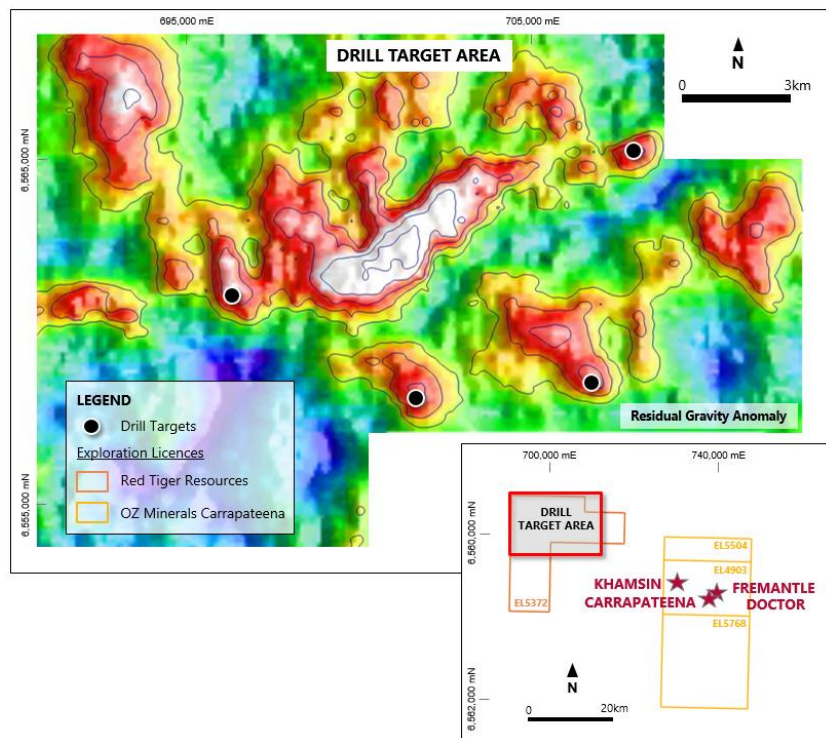
## OVERVIEW

- / Targeting nickel sulphide mineralization with Toro Energy
- / Central Yandal Greenstone belt, Western Australia
- / OZ Minerals can earn up to 70% by spending A\$5 million

## PROGRESS UPDATE

- / 4,000m RC program completed in Q4 2016
- / Drilled four cross-sections across the target formation
- / Drilling identified nickel laterite mineralisation
- / Earn in agreement terminated as project does not meet technical hurdles

# Intercept Hill Project



## OVERVIEW

- / Targeting Iron Oxide Copper Gold (IOCG) mineralization with Red Tiger Resources
- / 30 kilometres north-west of Carrapateena
- / OZ Minerals can earn up to 75% by spending A\$9 million

## PROGRESS UPDATE

- / Three diamond drill holes completed for ~2,900m
- / Alteration and geochemistry consistent with IOCG system observed
- / No significant mineralisation intercepted
- / Heritage clearances complete

## UPCOMING ACTIVITY

- / Fourth diamond drill hole to be completed in Q3





# Supplementary Slides



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# Guidance

Guidance	2017	2018	2019
<b>PROMINENT HILL:</b>			
Copper production*	105,000 to 115,000 tonnes	90,000 to 100,000 tonnes	90,000 to 100,000 tonnes
Gold production*	115,000 to 125,000 ounces	120,000 to 130,000 ounces	120,000 to 130,000 ounces
Open pit total movement	15Mt to 20Mt	< 5Mt	
Open pit strip ratio	Circa 0.5 times	Circa 0.25 times	
Open pit unit mining costs**	\$7.25 - \$7.75/tonne		
Underground ore movement	2.3 - 2.6Mt		
Underground unit mining costs**	\$50 to \$60/tonne		
Underground capital expenditure	\$45M - \$55M (inc. development)		
Site sustaining capital expenditure	\$15 to \$20 million		
All in sustaining cost	US 120c – US 130c/lb		
C1 costs (OP & UG)	US 85c - US 95c/lb		
<b>OTHER:</b>			
Exploration	\$10 - \$15 million		
West Musgrave Scoping Study	Circa \$3 million		

\* These production targets must be read in conjunction with the production cautionary statement on slide 3

\*\* Open Pit Unit Mining Costs include geology costs. Underground Unit Mining Costs include geology costs and exclude underground capital expenditure.