

A modern mining company



22 February 2018

The Manager, Companies
Australian Securities Exchange
Companies Announcement Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

OZ Minerals 2017 Annual and Sustainability Report

OZ Minerals today announced its results for the full year ended 31 December 2017. Attached is the 2017 Annual and Sustainability Report including:

- Directors' Report
- Remuneration Overview and Report
- FY17 Financial Report
- Sustainability Report

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a long, horizontal, wavy line.

Michelle Pole

Company Secretary and Senior Legal Counsel



2017 Annual and Sustainability Report

OZ Minerals Limited ABN 40 005 482 824



2017 Annual and Sustainability Report



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Cautionary statement

The sustainability section of this report contains forward-looking statements that relate to our activities, plans and objectives. Actual results may significantly differ from these statements, depending on a variety of factors. The term 'material topic' is used for voluntary sustainability reporting to describe topics that could affect our sustainability performance. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and circumstances that will occur in the future and may be outside OZ Minerals' control. Given these risks and uncertainties, undue reliance should not be placed on forward looking statements.

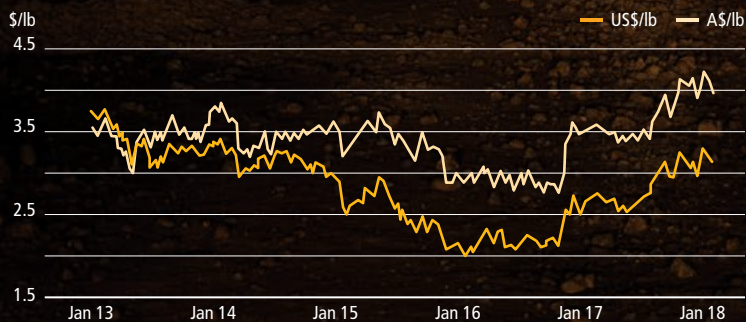
112,008

tonnes of copper produced

126,713

ounces of gold produced

COPPER PRICE



GOLD PRICE



SNAPSHOT

- / Copper guidance achieved for third consecutive year and gold guidance exceeded
- / Cost performance at the bottom of the annual guidance range
- / Cash balance lifted to \$729 million after investment into Carrapateena and ore inventory
- / Prominent Hill mine life further extended to 2029. 18 per cent increase in underground Ore Reserve provides for expected underground production rate of 3.5–4 Mtpa from 2019 through to 2029
- / Carrapateena construction progressing on schedule and budget
- / West Musgrave in pre-feasibility with a parallel exploration program looking at district potential
- / Two new international earn-in agreements and one new Australian agreement established, taking pipeline of potential growth opportunities to seven
- / Port Augusta selected as preferred location for progressing Concentrate Treatment Plant studies.

\$1,023m

revenue

ALL ASSETS

● Prominent Hill

- / Open pit and underground operations
- / Copper concentrate (containing gold and silver)

■ Carrapateena

- / Project in construction
- / Commissioning in Q4 2019
- / Copper concentrate (containing gold and silver)

◆ West Musgrave

- / With Cassini Resources Limited
- / Pre-feasibility study underway
- / Commercialisation of copper/nickel magmatic sulphide mineralisation

▲ Eloise

- / With Minotaur Exploration Limited
- / Targeting Cannington style lead/zinc/silver mineralisation and high grade copper/gold mineralisation

▲ Mount Woods

- / With Minotaur Exploration Limited
- / Targeting brownfield copper resources around Prominent Hill

▲ Coompana

- / With Mithril Resources Ltd
- / Targeting copper/nickel magmatic sulphide mineralisation

▲ Punt Hill

- / With Red Metal Limited
- / Targeting IOCG mineralisation 50km south of Carrapateena project

▲ Oaxaca

- / With Acapulco Gold Corp
- / Targeting copper/zinc VHMS systems in southern Mexico

▲ Alvito

- / With Avrupa Minerals Ltd
- / Targeting shallow IOCG mineralisation in southern Portugal



- Operating Mine
- Mine in construction
- ◆ Study Phase
- ▲ Exploration

MEXICO



PORTUGAL



FULL YEAR FINANCIAL RESULTS SUMMARY

	2017 \$m	2016 \$m
Group revenue	1,023.1	822.9
Underlying EBITDA	539.4	373.8
Net depreciation and amortisation	(218.7)	(208.7)
Underlying EBIT	320.7	165.1
Net financing income	8.7	9.0
Income tax expense	(98.3)	(39.8)
Underlying NPAT	231.1	134.3
Non-underlying items net of tax	—	(26.5)
NPAT	231.1	107.8
Dividends per share (cents)	20	20



2017 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- / \$1,023m revenue achieved
- / \$231.1m statutory net profit after tax
- / \$729m cash balance with no debt
- / Earnings per share: 77.4 cents
- / Total dividends for 2017: 20 cents per share, fully franked
- / Third consecutive year copper production and cost guidance met at Prominent Hill
- / Carrapateena Native Title Mining Agreement signed with the Kokatha Aboriginal Corporation
- / Phase 1 construction of Carrapateena commenced
- / West Musgrave advanced to pre-feasibility study as project indicates economic viability
- / Expanding portfolio of exploration projects with two international earn-in joint ventures, in Mexico and Portugal, added to our pipeline and a further earn-in established near the Carrapateena project.

Message from the Chairman and CEO

Dear Shareholders,

2017 was a positive year for OZ Minerals, achieving or exceeding our production and cost guidance, advancing our growth strategy and growing our cash balance to \$729 million. This positions us strongly to support our growth strategy whilst rewarding our shareholders with a 14 cents final dividend. These achievements were supported by our lean and agile approach to delivery, our focus on building a culture of innovation, and our capacity to work together with our stakeholders to create value for all.

Growing the company and delivering to strategy

Prominent Hill demonstrated its ability to deliver reliable and predictable results as it achieved annual production and cost guidance for the third consecutive year. Its mine life was further extended to 2029 as a result of an 18 per cent increase in underground ore reserves, underlining its pedigree as a long life asset.

A financially robust Carrapateena copper-gold project progressed to construction and the West Musgrave copper-nickel project advanced to pre-feasibility.

These developments and the broader execution of our growth strategy will see OZ Minerals become a multi-mine company within the next five years and allow us to leverage a more robust foundation to grow shareholder value.

Innovation, safety and community

This year we pursued innovation to drive results. We took inspiration from within and outside our industry to learn lessons in technology and culture that we could adapt and apply.

There was marked progress in safety performance at Prominent Hill during the year, after we implemented a number of safety improvement programs. Our overall total recordable injury frequency (TRIF) rate was 6.39 compared to 6.8 in 2016. We continue to strengthen our approach to safe work.

We completed a Native Title Mining Agreement with the Kokatha Aboriginal Corporation and the Partnership Management Committee is meeting quarterly to ensure progress is made on our commitments, including employment and business opportunities, as the Carrapateena project progresses.

Board renewal program

This phase of the Board renewal program is drawing to a close. In 2017, Neil Hamilton stepped down as Chairman after seven years on the Board. Paul Dowd also stepped down after eight years of service. Charles Lenegan is to retire at the Annual General Meeting in April 2018 after eight years' service. We thank Neil, Paul and Charles for their valuable support and guidance.

Rebecca McGrath, who has been a director of OZ Minerals since 2010, was appointed Chairman. Three new non-executive directors – Tonia Dwyer, Peter Tomsett and Peter Wasow – were appointed during the year, and together they bring a depth of technical, operational and senior management experience from the resources sector and other industries.

Shareholder returns

The Board's current policy is to target a minimum dividend payment of 20 per cent of net cash generation, while maintaining a strong balance sheet for investments such as Carrapateena, buyback or other investment opportunities. As a result of another strong year, the Board declared a total, fully-franked dividend for 2017 of 20 cents per share, made up of a half year payment of six cents per share and an end-year payment of 14 cents. 2017 earnings per share totaled 77.4 cents.

2018 priorities

The outlook for copper is optimistic with demand coming from traditional uses for copper such as infrastructure and transport.

New uses for copper, stemming from a global focus on the environment, also contribute to the projected growth in demand. These new uses include electric vehicle batteries and cabling, renewable energy generation and storage, and the need for efficient and reliable transmission of power; all of which require high usage of copper by weight. These innovations with a need for copper, combined with a projected global mine supply shortfall due to declining head grades and a lack of new mines being developed in the coming years, suggest that copper will remain a sought after commodity.

Looking ahead, we will continue to deliver value for shareholders, enable growth and position ourselves well to capitalise on the encouraging macroeconomic sentiment through:

- / strengthening our reputation through the reliable delivery of the Prominent Hill mine plan
- / on-budget and on-schedule construction of Carrapateena
- / completing the West Musgrave pre-feasibility study
- / continuing to strengthen our approach to safe work
- / enhancing organisational culture by leveraging agility, lean operations and an innovative mindset
- / maintaining our future growth pipeline by increasing the number of exploration and study opportunities, and seeking acquisitions that provide foot-holds into priority mineralised belts
- / drilling of the Khamsin and Fremantle Doctor mineralised systems and developing a Carrapateena 'phase two' expansion plan
- / simplifying our governance systems
- / maintaining our focus on fostering innovation and collaboration through the business.

Finally, we would like to close by thanking our employees, community and contract partners, and other stakeholders for their contribution in the past year. Their effort, support and interest are vital to the success of your company. Thank you.



Rebecca McGrath
Chairman
Adelaide, 22 February 2018



Andrew Cole
Managing Director and CEO
Adelaide, 22 February 2018

Company Strategy

In 2017, we made major progress towards our vision of becoming a copper-core, global modern mining company that delivers superior value with multiple operating assets and a diverse exploration and project pipeline. Our alignment with our vision and strategy translated into performance and achievement.

Lean business

Running a lean and agile business allows us to improve productivity and channel the right resources to support growth and innovative thinking. We support this way of working through simplified systems, processes and technology, and we continuously seek ideas from our people to improve the way we operate.

In 2017, Prominent Hill delivered at the top end of production guidance and at the bottom of cost guidance, enabling us to take advantage of improved copper prices and grow revenue to over \$1 billion.

Another example of lean business is our agile project evaluation at Carrapateena. This enabled the mine's design to be updated during the feasibility study to relocate all underground development to footwall host rocks in the south-west from the north-east. This move allows the ore body to be reached earlier and for infrastructure to be established completely outside of the mineralised zone.

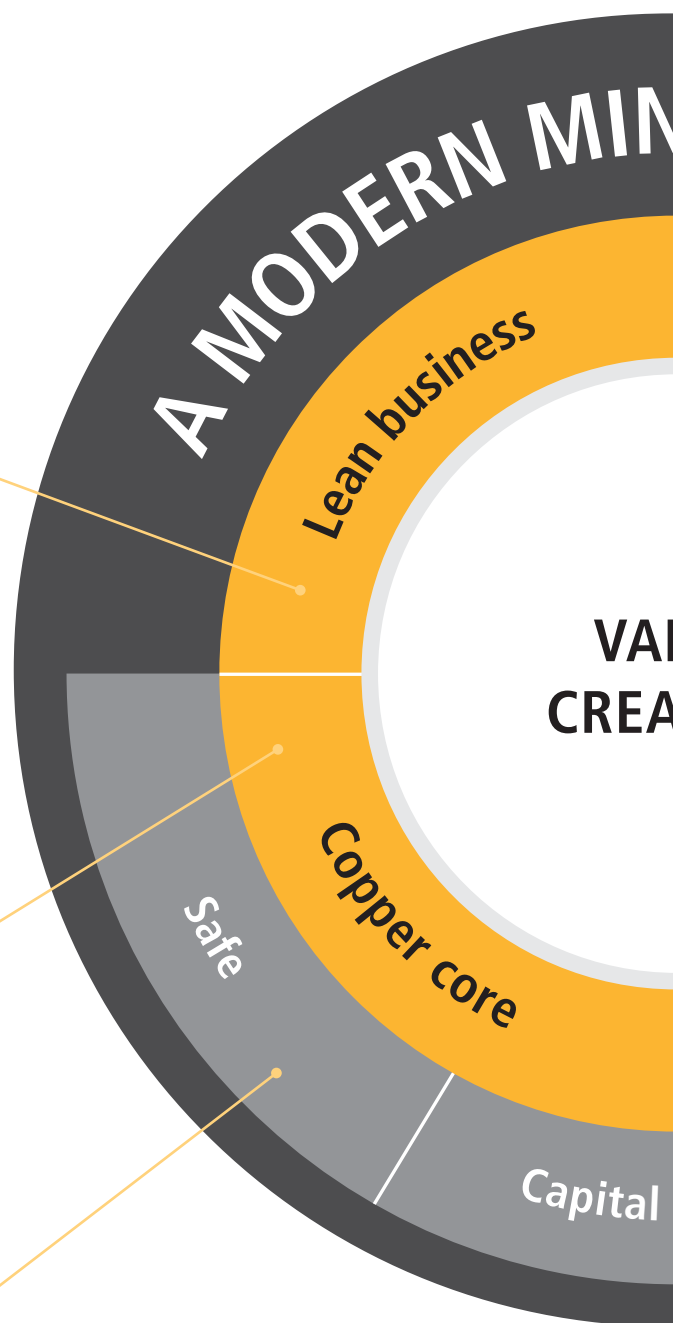
Copper core

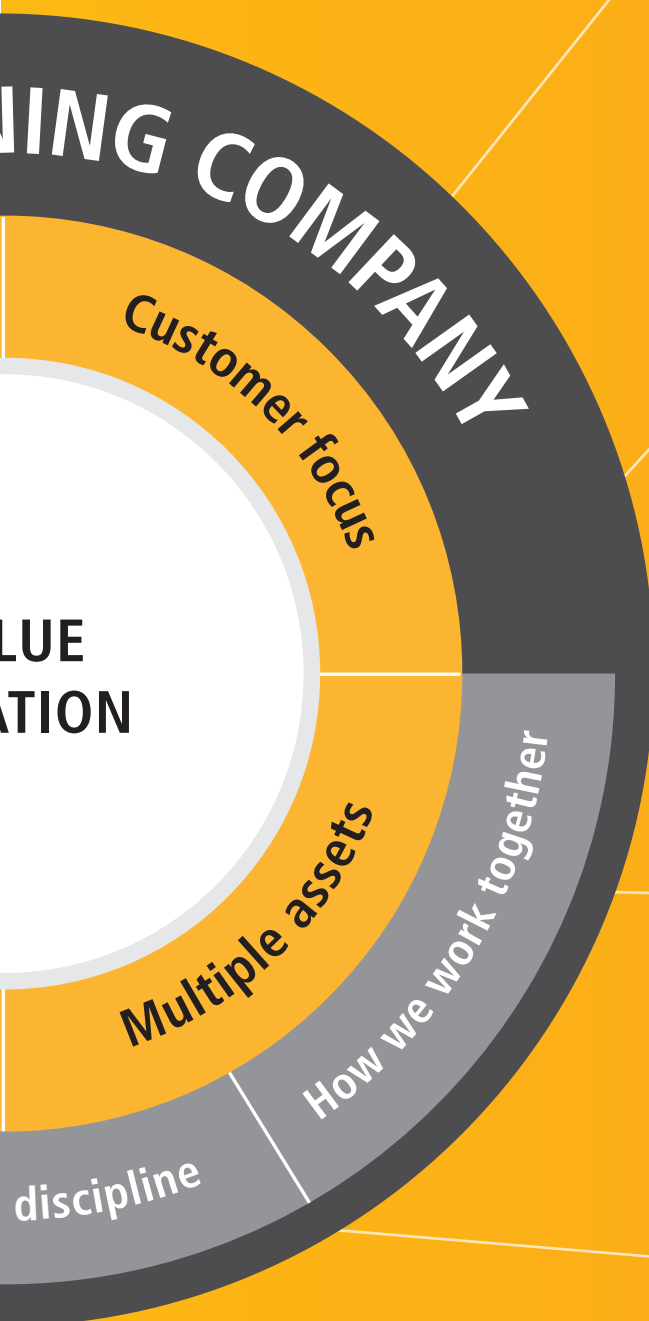
Our focus on a copper core means we leverage our existing capabilities to promote copper as a key driver of earnings and opportunistically target base metal assets.

Prominent Hill and Carrapateena are examples of projects that are well aligned to our strategy, with both assets producing some of the highest grade copper concentrates in the world. West Musgrave also demonstrates how we can apply our in-house competencies, skillsets and cumulative knowledge to other base metals.

Safe

Our overall total recordable injury frequency (TRIF) rate is 6.39. We achieved a 41% TRIF reduction at Prominent Hill. We implemented several improvement initiatives at Prominent Hill in 2017 including a site Leadership Development Program to promote safety leadership and a changed mindset of the importance of safety outcomes. We also recorded 104 consecutive days injury free during the year.





Customer focus

Our proposed, innovative Concentrate Treatment Plant (CTP) would enable the secondary processing of copper concentrate to remove iron and other impurities, increasing the percentage of copper in concentrate from between 30 and 40 per cent to between 55 and 60 per cent.

The CTP could be a potential strategic differentiator for OZ Minerals that would allow us to produce high quality concentrate for our customers against a backdrop of increasing impurities and decreasing global concentrate grades in the copper concentrate market.

Port Augusta in South Australia has been identified as the preferred location. Study work has also included geotechnical investigations, cultural heritage and environmental works. Studies and test work are continuing in 2018.

Multiple assets

Exploration and building a pipeline of growth and exploration opportunities are important parts of our growth strategy. Our approach to exploration sees us partnering with highly-regarded explorers with potential opportunities that suit our portfolio.

We've been working hard on our exploration growth pipeline and strategic projects with the aim of becoming a multi-asset company.

We began development on Carrapateena, our copper-gold project north of Port Augusta in South Australia.

West Musgrave also progressed from an exploration project to a pre-feasibility study (PFS). This followed positive results from the further scoping study that showed an investable base case for Nebo-Babel and a potential upside through resource conversion. The focus of the PFS is on regional potential as West Musgrave, much like Carrapateena, is a new mineral province with attractive near-mine and district opportunities.

How we work together

How we work together – how we deliver results – is as important to us as what we deliver. A strong set of behavioural principles helps us to build a culture that embraces change and allows us to operate in an agile way and set up for the next phase of our growth journey.

In 2017, we made the decision to relocate our head office to the Adelaide Airport business district. The move, scheduled for mid-2018, reflects the next phase of our growth and will provide a modern work environment that will improve collaboration.

Capital discipline

One of the ways we leverage capital discipline is to look at where capital can be used efficiently to develop projects and operate assets.

We adopted an early contractor involvement (ECI) model with the Carrapateena project to further accelerate construction readiness, reduce project delivery risk, and drive cost and schedule certainty. This model enabled us to proactively manage risk, particularly in relation to minimising contract or contractor interfaces, maintaining capital discipline and leveraging the specialist capability of contractors.

We are continually looking for opportunities to control costs.

Prominent Hill

Prominent Hill is a copper–gold–silver mine located 130 km south-east of Coober Pedy in South Australia, with a mine life that currently extends to 2029.

Prominent Hill consistently and reliably delivers results. It met copper and gold production and cost guidance for the third consecutive year in 2017 and generated \$452 million in free cash.

Highlights for 2017 included:

- / achieving annual copper and gold guidance despite severe weather early in the year
- / improved safety performance with a 41% reduction in TRIF
- / entering into an 18-month power purchase agreement to provide price certainty for Prominent Hill's power supply until the end of 2018
- / breaking through the second permanent access decline from the underground mine into the open pit, which yielded improvements to underground operations, enhanced productivity and reduced costs
- / partnering with technology specialists to evaluate advanced analytics and machine learning to optimise plant effectiveness
- / achieving the milestone of mining one million tonnes of ore from the open pit since it began its life in 2009.

Prominent Hill's transition to an underground-only mining operation steadily progressed through the year. The open pit closure has been brought forward to the first quarter of 2018 as we implemented opportunities to accelerate open pit mining. In 2017, decommissioned equipment from the open pit was progressively removed from site and open pit activities began transitioning to the underground team.

Safety is an ongoing priority at Prominent Hill and we implemented several improvement strategies during the year. These improvements have significantly reduced Prominent Hill's TRIF rate and we set a new site record of 104 days recordable injury free.

Safety improvement initiatives included:

- / focusing on safety behaviour in the underground
- / implementing new safety, health, environment and community performance standards
- / embedding a Critical Risk Observation program into ours and our contractors work practices across site. Critical risks and their controls were derived from an extensive risk assessment process
- / establishing an updated Principle Hazard Management Plan for Vehicle Operations with higher standards for equipment, road design and operator requirements
- / continuing programs to reduce musculoskeletal injury; revising the occupational hygiene management plan; and establishing an improved targeted monitoring program
- / improving access and response to medical emergencies on site, with the merger and relocation of the Medical and Emergency Response facility.

Power was a focus this year. In mid-2017, we entered into an 18-month power purchase agreement, securing price certainty to the end of 2018. Energy supply and transmission options are currently in design and a range of energy saving programs are underway.

In August 2017, BHP advised it intended to end Prominent Hill's access on 30 August 2020 to BHP's transmission line from Davenport to Olympic Dam. OZ Minerals power strategy will be announced to the market in Q1 2018 and will encompass approaches to power transmission.

The year also saw Prominent Hill's mine life further extended to 2029, following an 18 per cent increase in underground ore reserve to 39 Mt. Our aim is to continue extending Prominent Hill's underground mine life year on year. An estimated 80 Mt of underground mineral resource has not been converted to ore reserve and this could further extend mine options.

Underground mining, combined with stockpile processing, will maintain the plant at full capacity to 2023. With open pit related costs already incurred, we expect to realise substantial cash flow through this period.

The Prominent Hill mine has achieved copper guidance for three consecutive years and continues to generate value through strong operational discipline and the delivery of consistent, safe, cost effective production.

Our focus for 2018 is on:

- / enhancing operational risk management with a focus on leadership and safe behaviours
- / maintaining strong operating discipline to reliably deliver results in the bottom half of the cost curve
- / continuing to extend mine life year on year
- / completing the demobilisation of the open pit and ensuring an uninterrupted transition to underground-only production
- / completing work on waste dump rehabilitation as part of a continuous mine closure strategy
- / establishing increased opportunities to link local businesses and the traditional owners of the land where the Prominent Hill mine is based.

^(a) Please refer to the Mineral Resources and Ore Reserves section (page 81) for full disclosure.

112,008
tonnes of copper produced

126,713
ounces of gold produced

OVERVIEW

Location: 650 km north-west of Adelaide, 130 km south-east of the town of Coober Pedy

Product: Copper concentrate (containing gold and silver)

Mining method: Open pit and underground mine, transitioning to underground-only mine in Q1 2018

Processing method: Conventional crushing, grinding and flotation

Resources: Estimated at 140 Mt @ 1.2% copper, 0.5 g/t gold and 3 g/t silver^(a)

Reserves: 74 Mt @ 1.0% copper, 0.6 g/t gold and 3 g/t silver (730 kt copper and 1.5 Moz gold)^(a)

Carrapateena



Phase one construction of the Carrapateena project began in 2017 following the Board's decision in August to approve development of the \$916 million copper–gold mine.

Carrapateena is one of Australia's largest new mining developments. It is an iron-oxide, copper–gold deposit, located in South Australia's highly prospective Gawler Craton region. The ore reserve tonnage estimate is 79 million tonnes with a copper equivalent grade of 2.31 per cent.

A feasibility study update informed the Board's development decision. The study confirmed an estimated 20-year mine life and a Q4 2019 commissioning date, after which Carrapateena's plant will progressively ramp up over an 18-month period to a throughput rate of 4.25 Mtpa. The life of mine average annual production is estimated to be 65,000 tonnes of copper and 67,000 ounces of gold.

2017 project highlights included:

- / successfully delivering all works scheduled on-time and on-budget
- / jointly receiving the Premier's Award for Social Inclusion 2017 for our partnering agreement with the Kokatha Aboriginal Corporation, traditional owners of the land on which the project is built
- / successfully using an early contractor involvement model to secure approximately 50 per cent of pre-production capital for construction contracts in lump sum contracts
- / partnering with the Industry Capability Network and appointing a local community relations contact to facilitate local access to information on contract packages and sustainable local procurement

/ commencing phase one construction of a staged work program. Phase two construction is scheduled to start in Q2 2018. Subject to mining lease approval, phase two will see the construction of the on-site processing plant and other major operational infrastructure.

We identified multiple improvements through the feasibility study and our agile project evaluation and delivery meant that these were implemented quickly to improve the project's economics and risk management.

The mine design was updated during the feasibility study to allow all underground capital development to be moved to footwall host rocks in the south-west from the north-east. This is an example of our agile project evaluation and delivery in action – we can now reach the ore body earlier and establish infrastructure out of the mineralised zone.

Our ongoing relationships and engagement with the traditional owners, pastoralists and local communities are based on mutual respect, understanding and trust. These have been instrumental in progressing the project.

By way of example, the Native Title Mining Agreement (NTMA) was reached with the Kokatha Aboriginal Corporation in just 12 months. The strong relationships established between senior members of OZ Minerals and Kokatha in 2016, during development of a partnering agreement, made the formal NTMA's rapid development possible. A Partnering Management Committee with representatives of Kokatha and OZ Minerals now meets quarterly to operationalise the NTMA.

We also received valuable feedback on Carrapateena's Mining Lease Proposal from engagement and consultation activities with local communities, landowners and businesses in the Upper Spencer Gulf.

One of Australia's largest undeveloped copper deposits, Carrapateena, will be a 4.25 Mtpa underground sub-level cave operation, with an estimated mine life of 20 years.

Carrapateena is expected to generate operating cash flow by Q4 2019. Carrapateena is located in a region highly prospective for additional resources, with known mineralisation at Khamsin and Fremantle Doctor.

^(b) Please refer to the Mineral Resources and Ore Reserves section (p. 81) for full disclosure.

^(c) This information was extracted from the Carrapateena project Feasibility Study Update report¹ released to the ASX on 24 August 2017 and is available at ozminerals.com/media/asx. OZ Minerals confirms that all material assumptions underpinning the production target in that report continue to apply and have not materially changed.

OVERVIEW

Location: 250 km south-east of Prominent Hill, 160 km north of the regional centre of Port Augusta, in South Australia

Deposit: Iron-oxide, copper-gold

Status: Project feasibility study update completed, phase one construction underway

Resources: Total estimated indicated, inferred and measured resources (based on \$70 NSR cut-off grade) of 134 Mt at 1.5% copper, 0.6 g/t gold (1,970 kt copper and 2.6 Moz of gold)^(b)

Reserves: 79 Mt @ 1.8% copper, 0.7 g/t gold (1,400 kt copper and 1.8 Moz of gold)^(b)

Estimated annual production:
Approximately 65,000 tonnes of copper and approximately 67,000 ounces of gold

Robust financials^(c): NPV is ~\$910 million

IRR of approximately 20% on a post tax basis at copper/gold AUS consensus pricing

134 Mt

resource 1.5% copper,
0.6 g/t gold²

US\$0.62/lb

bottom quartile, average C1 costs
over life of mine



West Musgrave



The West Musgrave copper–nickel project is the first project in our exploration pipeline to advance through the stages to a pre-feasibility study.

The Project is located in the highly prospective Musgrave Province of Western Australia near the South Australian and Northern Territory borders and it is Australia's largest undeveloped copper–nickel deposit.

OZ Minerals decided to proceed to the next stage of our earn-in agreement, following the November release of the further scoping study results from our joint venture partner, exploration company, Cassini Resources. Under this agreement we can earn 51 per cent of the Project by spending \$19 million within 18 months and up to 70 per cent by spending a total of \$36 million.

The further scoping study demonstrated an investable base case for the Nebo-Babel deposits with upside potential through resource conversion. We are looking to develop the Nebo-Babel deposits into a low cost, scalable, long life operation. It presents as a gently-dipping orebody conducive to large-scale open pit mining.

The further scoping study evaluated several development scenarios ranging from six to 12 Mtpa throughput. The study demonstrated the Project's economic viability at all of the throughput scenarios with strong annual nickel and copper production and low operating costs. The 10 Mtpa scenario presented the most financial potential.

At 10+ Mtpa, the Project has an estimated annual production rate of 20,000–25,000 tonnes of nickel, 25,000–30,000 tonnes of copper and 700–1,000 tonnes of cobalt. The project has an eight-year mine life but as the confidence of the resource improves, it is likely to extend to beyond 15 years. Its average net cash flow is expected to be \$120–\$150 million^(d).

Nebo and Babel contain a combined indicated and inferred mineral resource estimate of 283 million tonnes at 0.39 per cent copper and 0.36 per cent nickel. The copper equivalent grade is 1–1.2 per cent. The Succoth inferred mineral resource estimate is 156 million tonnes at 0.6 per cent copper^(e). A significant amount of the Nebo-Babel mineral resource occurs beneath shallow cover of less than 50 metres.

The Musgrave area is an exciting new mineral province with attractive near-mine and district opportunities.

OZ Minerals will be managing the PFS which will focus on improving metallurgical recoveries, lower cost non-process infrastructure, and resource conversion. Cassini will manage a four million dollar exploration program that will focus on regional potential, including the One Tree Hill prospect and Succoth copper deposit.

^(d) This information was extracted from the West Musgrave Project to progress to Pre-Feasibility Study report released to the ASX on 14 November 2017 and is available at ozminerals.com/media/asx. OZ Minerals confirms that all material assumptions underpinning the production target in that report continue to apply and have not materially changed.

^(e) The information regarding the West Musgrave Project was extracted from Cassini Resources' ASX Release entitled 'Nebo-Babel Scoping Study' dated 13 April 2015 and 'Positive Nebo-Babel Optimisation Study Results' dated 14 April 2016 and is available at cassiniresources.com.au/investor-relations/asx-announcements. The information in this report that relates to exploration results has not been compiled by OZ Minerals. The reported information has been derived from publicly-available information arising from exploration activity reported by Cassini Resources. OZ Minerals makes no comment or representation regarding the exploration, verification and evaluation techniques adopted in respect of the historical exploration results reported in this announcement.

Exploration and Growth

OZ Minerals' dynamic pipeline of potential growth opportunities advanced and expanded in 2017.

Two new international earn-in agreements were signed, Oaxaca in Mexico and Alvito in Portugal, and one new Australian agreement was established for Punt Hill near our Carrapateena project in South Australia. The Yandal One exploration joint venture with Toro Energy, and the Intercept Hill exploration joint venture with Red Tiger were exited when drilling programs did not meet the required technical hurdles.

We conducted drilling and geophysics programs during the year to progress projects in our exploration portfolio with some encouraging results from Eloise, including 27 metres at 2.42% Cu and 0.71 g/t Au from 435 metres in Hole EL17D06^(f).

In a major undertaking, we made our extensive and growing bank of exploration and growth data more readily accessible. We partnered with Amazon Web Services to consolidate and simplify the way these large and complex exploration data sets are stored, accessed and analysed.

We anticipate spending \$10–\$15 million on exploration in 2018, which excludes expenditure on the West Musgrave project (\$20–\$30 million) and the Carrapateena district (\$8–\$10 million).

Oaxaca with Acapulco Gold Corp comprises three newly-identified base metal properties in Oaxaca, South Mexico. Acapulco Gold is a private exploration company based in Canada with significant experience and a discovery track record in Mexico.

The sites being targeted have the potential for volcanic-hosted massive sulphide (VHMS) deposits. VHMS deposits are significant contributors to the global production of copper, zinc, lead and silver.

Geological mapping and geochemical sampling were undertaken in 2017 to identify high priority targets. Subsequent reconnaissance mapping and sampling resulted in the discovery of surface copper mineralisation. Drill hole permitting for Riqueza Marina is currently underway, with a drill program expected to commence in mid-2018.

Alvito with Avrupa Minerals targets iron-oxide copper-gold (IOCG) mineralisation at the Alvito site, located 60 km south-east of Lisbon. Avrupa Minerals is a Canadian-listed exploration company.

The Alvito project is characterised by a 24 km long copper-in-soil anomaly with limited

drilling. An early site visit identified copper mineralisation and alteration consistent with a magnetite-hosted IOCG system.

In 2017, a ground geophysics program was completed across the entire project area, highlighting numerous targets, including a positive gravity anomaly that coincides with a key geological contact. Drilling of priority targets is set to commence in the first half of 2018.

Intercept Hill with Red Tiger Resources is an IOCG exploration project located 30 km north-west of the Carrapateena project.

Targets were generated from reprocessed geophysical data and the work indicated that significant anomalies may have been overlooked. Four drill holes were completed during 2017 with no significant results. This project was subsequently exited.

Coompana with Mithril Resources consists of seven exploration licences in South Australia's far western Coompana Province. Mithril is an experienced nickel and copper exploration company based in South Australia.

A significant amount of airborne and ground geophysics has been conducted in the area by the South Australian Department of State Development in collaboration with PACE Copper. A scientific drill program sponsored by Geological Survey of South Australia in conjunction with Geoscience Australia was undertaken in 2017 and results are expected in 2018.

Eloise with Minotaur Exploration focuses on Cannington-style lead-zinc-silver mineralisation and Eloise-style high grade copper-gold mineralisation in the highly prospective Eastern Succession of the Mount Isa block in Queensland.

A drilling program in 2017 completed four additional diamond drill holes (~3,000 m) that tested the Iris and Electra anomalies, with all holes intercepting low-grade copper-gold mineralisation.

The focus of work has now moved to the southern portion of the licences, which hosts the eastern flank of the Levuka shear zone. A 90 line-kilometre electromagnetic survey completed over this area identified a large number of interpreted bedrock conductors, including the large Jericho anomaly.

The Jericho prospect comprises two linear, multi-plate conductive zones 3–4 km in length, modelled to be 50–275 m below surface. The prospect was tested by eight diamond drill holes and copper was intersected in all holes. Some of the better intersections returned include:

- / 35 metres at 0.35% Cu and 0.05 g/t Au from 197 metres at J1 conductor, Hole EL17D06
- / 27 metres at 2.42% Cu and 0.71 g/t Au from 435 metres at J2 conductor, Hole EL17D06
- / 46 metres at 0.74% Cu and 0.17 g/t Au from 214 metres at J1 conductor, Hole EL17D09
- / 4.4 metres @ 1.6% Cu and 0.5 g/t Au from 456 metres at J2 conductor, Hole EL17D09.

A single drill hole was completed at the Arlington and St Louis prospects. Pyrrhotite and minor chalcopyrite were returned in both holes. Exploration in 2018 will continue to focus on the southern licence area, and will include further drill testing of the Jericho conductor.

Mount Woods with Minotaur Exploration targets copper resources in the tenements surrounding OZ Minerals' Prominent Hill mine. It is focused on identifying and drilling IOCG and iron sulphide-copper-gold (ISCG) targets.

This innovative agreement gave Minotaur access to OZ Minerals' repository of exploration data from over 15 years so they can use their regional expertise to interrogate the database for new drill testing targets. This also provides an opportunity to accelerate the search for new copper resources in the Prominent Hill district. Four priority conductors were identified and drilled in late 2017, with only minor skarn related mineralisation intersected at the Maverick prospect.

Punt Hill with Red Metal targets IOCG mineralisation in the area adjacent to Carrapateena. Red Metal is an ASX-listed, Australian mineral explorer with exploration experience in Australia's most productive mineral provinces.

Previous work on Punt Hill uncovered many examples of IOCG mineralisation and one of the new prospects shows a number of geophysical similarities to the deposits at Carrapateena. Subject to the successful negotiation of a Native Title Mining Agreement, drilling is expected to take place in the second half of 2018.

^(f) The information regarding the Eloise project was extracted from Minotaur Exploration's ASX release entitled 'High grade copper-gold confirmed at 'Jericho', Eloise JV, Cloncurry' dated 3 November 2017 and is available at www.minotaurexploration.com.au/investor-information/asxannouncements. The information in this report that relates to exploration results has not been compiled by OZ Minerals. OZ Minerals makes no comment or representation regarding the exploration, verification and evaluation techniques adopted in respect of the historical exploration results reported in this announcement.

Governance



OZ Minerals provides strong governance to enable lean business processes, clear accountability and room for innovation. This is fundamental to our business strategy.

OZ Minerals' management structure

OZ Minerals' management structure, Governance and Risk Policy, and supporting standards provide clear guidelines and reporting structures to ensure our activities reinforce the corporate strategy and are conducted in a financially, environmentally and socially responsible way.

OZ Minerals' Board is committed to adopting the recommended corporate governance practices set out in the ASX Corporate Governance Council Principles and Recommendations.

The Board is responsible for overseeing the management of the Company. The Board has adopted a Board Charter that sets out its roles and responsibilities, which includes setting the Company's goals and objectives, reviewing and monitoring the Company's material risks and its system of internal compliance and controls, setting an appropriate corporate governance framework, and determining broad policy issues for the Company. The Board also ensures that specific powers and responsibilities have been delegated to the Company's Executive Committee and that the overall strategy is aimed at delivering value for shareholders.

The Board currently comprises seven directors, one executive director and six non-executive directors. The executive director is Managing Director and Chief Executive Officer, Andrew Cole. The Board has a unitary structure. All non-executive directors, including the Chairman, are independent. The proportion of women on the Board is 43 per cent⁽⁹⁾.

Three standing committees help the Board with the effective discharge of its responsibilities.

Audit Committee – assists the Board in the effective discharge of its responsibilities in relation to financial reporting and disclosure processes, internal financial controls, funding, financial risk management, including hedging and the internal and external audit functions, and oversight of the internal control and risk management system's effectiveness.

Human Resources and Remuneration Committee – assists the Board in discharging its responsibilities relating to the remuneration of directors, executives and employees, succession planning, and the Diversity and Inclusion Policy's establishment and monitoring.

Sustainability Committee – assists the Board in the effective discharge of its responsibilities in relation to safety, health, environment and community (SHE&C) issues for the OZ Minerals Group. This includes managing the risks relating to SHE&C issues by meeting the Company's requirements for internal notification, investigation, reporting and continuous improvement, and overseeing the public reporting and disclosure processes insofar as they relate to SHE&C risks.

The Directors' Report presents additional information on directors and officers, such as their qualifications, experience, special responsibilities and attendance

at OZ Minerals Board meetings and Board committee meetings.

OZ Minerals management team

Management is responsible for implementing management systems across the business, and monitoring the application and effectiveness of these systems through internal and external audits. Training and competency is part of the continuous improvement process and is detailed in the Performance Standards.

Michelle Pole was appointed OZ Minerals' Company Secretary effective 13 December 2017.

Robert Fulker resigned as Chief Operating Officer effective 23 November 2017. A global search is underway to fill this position. In the interim, Myles Johnston (General Manager Carrapateena Operations) and John Penhall (General Manager Prominent Hill) have joined the Executive Committee.

⁽⁹⁾ On 1 November 2017, OZ Minerals announced changes to the Board which will see Charles Lenagan retire from the Board at OZ Minerals' Annual General Meeting on 24 April 2018. Non-executive Director, Peter Wasow, who was appointed to the Board as a non-executive Director effective 1 November 2017, will succeed Mr Lenagan as Chairman of the Audit Committee from that date, if elected at the Annual General Meeting.

Other changes to the board include:

/ Neil Hamilton and Paul Dowd retired as non-executive directors at the 24 May 2017 Annual General Meeting

/ Rebecca McGrath succeeded Neil Hamilton as Chairman of the Board at the 24 May 2017 Annual General Meeting

/ Tonia Dwyer and Peter Tomsett were appointed as non-executive directors, effective 22 March 2017.

Further information can be found in the Company's announcement entitled 'OZ Minerals appoints new Non-Executive Director' released to the ASX on 1 November 2017, which is available at ozminerals.com/media/asx/

Management Structure

OZ Minerals Ltd Board of Directors

Rebecca McGrath
Chairman and
Independent Non-executive Director

Andrew Cole
Managing Director
and Chief Executive Officer

Charles Lenegan
Independent
Non-executive Director

Julie Beeby
Independent
Non-executive Director

Peter Tomsett
Independent
Non-executive Director

Tonianne Dwyer
Independent
Non-executive Director

Peter Wasow
Independent
Non-executive Director

Board Committees

**Audit
Committee**

**Human Resources and
Remuneration Committee**

**Sustainability
Committee**

OZ Minerals Ltd management team

Andrew Cole
Managing Director
and Chief Executive Officer

Warrick Ranson
Chief Financial Officer^(h)

Mark Irwin
Chief Commercial Officer⁽ⁱ⁾

Mark Rankmore
Head of People
and Performance

Robert Mancini
Head of Legal^(j)

Kerrina Chadwick
Head of
Corporate Affairs

Asset managers and line managers

Employees

^(h) Commenced 4 December 2017. Luke Anderson resigned as Chief Financial Officer effective 29 September 2017.

⁽ⁱ⁾ Commenced 2 January 2018.

^(j) Robert Mancini resigned as Company Secretary effective 13 December 2017 and resigned as Head of Legal effective February 2018.

SUPPORTING DOCUMENTS

/ Corporate Governance Statement
/ OZ Minerals Policies and supporting Standards
/ Board and Committee Charters
/ Company Constitution
/ Code of Conduct
ozminerals.com/about/corporate-governance/

Governance Framework

Company Constitution / Code of Conduct / Board Charter

**Audit
Committee Charter**

**Human Resources and
Remuneration Committee Charter**

**Sustainability
Committee Charter**

Policies and Standards

Governance and Risk Policy

To ensure ethical, fit-for-purpose business processes are used to meet the highest corporate governance standards and identify opportunities and threats using robust processes across OZ Minerals.

Market Dividend Policy

To ensure fair trading in the securities of OZ Minerals and to outline the principles to be considered for the payment of a dividend by OZ Minerals in accordance with the ASX listing rules and Corporations Act.

Finance and Accounting Policy

To ensure OZ Minerals complies with all financial and accounting regulatory obligations with a view to being a leader in fiscal discipline, reporting, disclosure and transparency.

Securities Trading Standard

To set out the policy of OZ Minerals for employees (full time, part time and casual), directors, consultants and contractors of OZ Minerals trading in securities of the Company.

Health and Safety Policy

To strive to be an injury and occupational disease-free workplace whilst achieving operational excellence.

Diversity and Inclusion Policy

To foster a culture that values individual differences which are leveraged to deliver optimal outcomes for OZ Minerals.

Environment and Community Policy

To ensure OZ Minerals delivers sound environmental outcomes whilst supporting the creation of shared value for the communities in which we operate.

Continuous Disclosure Standard

To ensure timely and accurate information is provided equally to all shareholders and market participants, consistent with the OZ Minerals' commitment to its continuous disclosure obligations.

Exploration and Resource Development Policy

To underpin the growth of OZ Minerals by identifying, securing and delivering additional mineral opportunities outside our current portfolio.

Operations and Asset Management Policy

To ensure the safe and effective delivery of world-class operations through sound application of consistent performance.

Ethics and Human Rights Policy

To help protect the human rights of our stakeholders and to prevent human rights breaches from occurring at OZ Minerals' assets.

Anti-bribery and Corruption Policy

To ensure directors, officers and employees understand, observe and comply with anti-bribery and anti-corruption laws and regulations, and a set of How We Work Together principles.

Performance standards

Environment

Social

Safety

Health and wellbeing

Process standards (including Enterprise Risk Management)

Business planning

Legal and compliance

Finance and commercial

Human resources

Communications and reporting

Information and data

Operations and engineering

Reference documents

Asset documents

Governance Framework



The governance framework at OZ Minerals has been designed to enable lean business processes that drive clear accountabilities and create room for innovation.

We focus on what matters, and set processes that create value, embrace the devolved business model and provide clarity for new assets, partners, suppliers and employees coming into OZ Minerals.

Our values and behaviours drive transparency and fair dealing, and propagate a culture of performance and devolved accountability – this allows us to deliver on our Company strategy. OZ Minerals' Code of Conduct applies standards for appropriate ethical and professional behaviour and guides OZ Minerals' employees, directors, contractors and partners.

The Code of Conduct reinforces the importance of our values in carrying out our responsibilities to shareholders, employees, customers, suppliers, consumers and the broader community. It provides clear guidelines as to our expectations in regards to a number of specific issues, such as conflict of interest, gifts, entertainment and gratuities, anti-bribery, fraud and corruption, equal opportunity, whistleblowing and conflicts of interest.

OZ Minerals' nine Company policies work synergistically to provide a clear representation of our intent while providing a platform for multiple assets to work together under a devolved model. Policy documents, our Securities Trading Standard and our Continuous Disclosure Standard are available both internally and externally and are used to clearly articulate what we strive for to all stakeholders, partners and communities.

Underpinning the policies are performance standards that are grouped into four key areas. These are safety, environment, health and wellbeing, and social. They define the minimum required performance to manage sustainability opportunities and threats. These standards will be used to audit asset performance and set the standards for any new assets to achieve. They are provided to contractors and partners to outline what we expect when they work at an OZ Minerals asset. These documents are structured so that each asset, contractor or partner can use or develop their own business standards and processes to meet our standards, in keeping with our lean, devolved business model.

OZ Minerals is revising its business process standards so that they describe, in the simplest possible way, processes or the management activities that occur across the business in a repeatable manner. They are the activities that we undertake that are unique to OZ Minerals, and they will be used by OZ Minerals' employees and assets. They define the inputs and outputs required, the processes people must follow and the delegations that they can work within.

All corporate and further-developed asset documents comply with the laws and regulations of the jurisdiction in which each asset operates.

Internal and external audits

OZ Minerals conducts regular audits to systematically and objectively verify that it conforms to performance management standards and legal requirements, and in order to recommend ways to improve safety, health and wellbeing along with environmental and social performance. Further audits are undertaken commensurate with the risk profile.



• Directors' Report



Announcement to the Market Results

We have provided the announcement to market results in accordance with Australian Securities Exchange (ASX) Listing Rule 4.2A and Appendix 4E for the Consolidated Entity (OZ Minerals) comprising OZ Minerals Limited (OZ Minerals Limited or the 'Company') and its controlled entities for the year ending 31 December 2017 (financial year) compared to the year ending 31 December 2016 (comparative year).

Consolidated results, commentary on results and outlook

	31 December 2017 \$m	31 December 2016 \$m	Movement \$m	Movement %
Revenue	1,023.1	822.9	200.2	24.3
Profit after tax attributable to OZ Minerals Limited equity holders	231.1	107.8	123.3	114.4

The commentary on the consolidated results and outlook, including changes in state of affairs and likely developments of the Consolidated Entity, is set out on pages 6–13 and within the Financial Review section of the Directors' Report (pp. 29–35).

Net tangible assets per share

	31 December 2017 \$ per share	31 December 2016 \$ per share
Net tangible assets per share	8.42	7.04

In accordance with Chapter 19 of the ASX Listing Rules, net tangible assets per share represents the total assets less intangible assets, less liabilities ranking ahead of, or equally with, ordinary share capital, and divided by the number of ordinary shares on issue at the end of the financial year.

Dividends

Since the end of the financial year, the Board of Directors has resolved to pay a fully franked dividend of 14 cents per share, to be paid on 26 March 2018. The record date for entitlement to this dividend is 12 March 2018. The financial impact of the dividend amounting to \$41.8 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2017 and will be recognised in subsequent Consolidated Financial Statements.

Dividends announced or paid since 1 January 2016

Record date	Payment date	Unfranked cents per share	Fully franked cents per share	Total dividends \$m
12 March 2018	26 March 2018	—	14	41.8
7 September 2017	21 September 2017	—	6	17.9
10 March 2017	24 March 2017	—	14	41.8
9 September 2016	23 September 2016	6*	—	18.1
24 February 2016	10 March 2016	14*	—	42.5

* The unfranked dividends were declared to be conduit foreign income for Australian income tax purposes.

Independent auditor's report

The above announcement of the results to the market is based upon the Consolidated Financial Statements and we have included the Independent Auditor's Report to OZ Minerals Limited members (p. 127).

Directors' Report

Your directors present the OZ Minerals Annual Report 2017, together with the Consolidated Financial Statements, for the year ending 31 December 2017. OZ Minerals Limited is a Company limited by shares that is incorporated and domiciled in Australia.

Principal activities

OZ Minerals mines and processes ore that contains copper, gold and silver; sells concentrate; undertakes exploration activities; and develops mining projects. The Company's activities occur both within Australia and internationally. More information on OZ Minerals principal activities can be found on pages 6–13 and within the Financial Review (pp. 29–35).

Significant changes in state of affairs

OZ Minerals state of affairs are consistent with prior years (as discussed on pages 6–13 and 29–35).

Dividends

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24 February 2016	10 March 2016	14*	–	42.5

* The unfranked dividends were declared to be conduit foreign income for Australian income tax purposes.

Directors and officers

OZ Minerals directors and officers for the financial year ending 31 December 2017 and up to the date of this report

Position	Experience and expertise	OZ Minerals special responsibilities during 2017	Other directorships at currently listed entities	Previous directorships at listed entities (within the last three years)
Current directors				
Rebecca McGrath <i>Independent</i> <i>Non-executive Chairman</i> <i>Appointed as a Non-executive Director on 9 November 2010 and Chairman on 24 May 2017</i> <i>BTP (Hons), MA (App.Sci), FAICD</i>	Ms McGrath is an internationally experienced business leader, director and chairman. Ms McGrath's executive career included 24 years with BP Plc. She held a range of senior executive and group executive roles in Australia, Europe and U.K, including Chief Financial Officer, Chief Operating Officer and Executive Management Board member Australia and New Zealand. Ms McGrath is a member of the JP Morgan Australia Advisory Council, Chairman of Investa Office Management Holdings Pty Ltd and a member of the Victorian Council of the Australian Institute of Company Directors.	Chairman of the Board (appointed 24 May 2017) Member of Human Resources and Remuneration Committee Chairman of Human Resources and Remuneration Committee (resigned 24 May 2017) Member of the Audit Committee (resigned 24 May 2017)	Non-executive Director of Incitec Pivot Limited since September 2011 Non-executive Director of Goodman Group since April 2012	Non-executive Director of CSR Limited from February 2012 to October 2016
Andrew Cole <i>Managing Director and Chief Executive Officer</i> <i>Appointed on 3 December 2014</i> <i>BAppSc (Hons) in Geophysics MAICD</i>	Mr Cole has over 25 years' experience in exploration and operations in the resources industry. Following exploration geoscientist roles in Australia, Canada, USA and Mexico with Rio Tinto Exploration (CRA and Kennecott), Mr Cole spent 10 years in mine development and mine operations with Rio Tinto in Australia, China, Canada and the United Kingdom. During his career at Rio Tinto, Mr Cole held various senior and leadership positions, including General Manager Operations of the Clermont Region Operations, including the Blair Athol Mine and Clermont Mine, Chief Executive Officer of Chinalco Rio Tinto Exploration and Chief Operating Officer of Rio Tinto Iron and Titanium. Mr Cole is a Councilor of SACOME (South Australian Chamber of Mines and Energy).	Managing Director and Chief Executive Officer	None	None
Julie Beeby <i>Independent</i> <i>Non-executive Director</i> <i>Appointed on 19 April 2016</i> <i>BSc (Hons I), PhD (Physical Chemistry), MBA, FAICD, FTSE</i>	Dr Beeby was the former Chief Executive Officer of Brisbane-based gas producer, Westside Corporation. Dr Beeby has more than 25 years' operations, project and strategy experience in the resources sector, including the minerals and petroleum industries. Dr Beeby also has experience in mergers and acquisitions. Dr Beeby has been the Chairman of Powerlink Qld (Qld Electricity Transmission Corporation Ltd) since 2014 and has been a Board member since 2008.	Member of the Sustainability Committee Member of the Human Resources and Remuneration Committee (resigned 24 May 2017) Member of the Audit Committee (appointed 24 May 2017)	Non-executive Director of Whitehaven Coal Ltd since July 2015	None
Tonianne Dwyer <i>Independent</i> <i>Non-executive Director</i> <i>Appointed on 22 March 2017</i> <i>BJuris (Hons), LLB (Hons)</i>	Ms Dwyer is an independent non-executive public company director. Ms Dwyer spent over 20 years in investment banking and real estate fund management and was a Director of Investment Banking at Societe Generale/Hambros Bank advising on M&A, restructuring and refinancing. Ms Dwyer was Head of Fund Management at the LSE listed property company, Quintain Estates & Development plc and was later appointed to the Board as an Executive Director. Ms Dwyer is a graduate member of Australian Institute of Company Directors and a member of Chief Executive Women and Women Corporate Directors.	Chairman of the Human Resources and Remuneration Committee (appointed 24 May 2017) Member of the Human Resources and Remuneration Committee (22 March 2017 to 24 May 2017) Member of the Audit Committee (appointed 22 March 2017)	Non-executive Director of DEXUS Property Group Non-executive Director of ALS Limited since July 2016 Non-executive Director of Metcash Limited since June 2014	Non-executive Director of Cardno Limited from 2012 to 2016

Position	Experience and expertise	OZ Minerals special responsibilities during 2017	Other directorships at currently listed entities	Previous directorships at listed entities (within the last three years)
Current directors				
Charles Lenegan <i>Independent Non-executive Director</i> <i>Appointed on 9 February 2010</i> <i>BSc (Econ)</i>	Mr Lenegan was a former Managing Director of Rio Tinto Australia. Mr Lenegan had a distinguished 27-year career with Rio Tinto where he held various senior management positions across a range of commodities and geographies. Mr Lenegan was formerly the Chairman of the Minerals Council of Australia and a former Board member of the Business Council of Australia. Mr Lenegan is currently Chairman of Bis Industries Limited (non-ASX listed company).	Chairman of the Audit Committee Member of Sustainability Committee	None	Non-executive Director of Turquoise Hill Resources from August 2012 to May 2014
Peter Tomsett <i>Independent Non-executive Director</i> <i>Appointed on 22 March 2017</i> <i>BEng (Hons I), MSc</i>	Mr Tomsett's international career has spanned a wide range of technical, operational and senior management roles in the mining industry. He spent 20 years with global gold and copper company Placer Dome Inc. in a number of senior roles, including President and Chief Executive Officer until its acquisition. Mr Tomsett has been a director of the Minerals Council of Australia, the World Gold Council and the International Council for Mining and Metals. Mr Tomsett served as Non-executive Chairman of the TSX and ASX listed Equinox Minerals until its acquisition in 2011.	Chairman of the Sustainability Committee (appointed 24 May 2017) Member of the Sustainability Committee (22 March 2017 to 24 May 2017) Member of the Human Resources and Remuneration Committee (appointed 22 March 2017)	Non-executive Chairman of Silver Standard Resources Inc since May 2008 Senior Independent Director of Acacia Mining plc since April 2013	Non-executive Director of Talisman Energy Inc from December 2009 to June 2015
Peter Wasow <i>Independent Non-executive Director</i> <i>Appointed on 1 November 2017</i> <i>B. Comm, GradDip (Management), Fellow (CPA Australia)</i>	Mr Wasow has extensive experience in the resources sector as both a senior executive and director. He held the position of Managing Director and Chief Executive Officer of Alumina Limited until mid 2017. He formerly held the position of Executive Vice President and Chief Financial Officer, Santos Limited and in a 20-year plus career at BHP he held senior positions including Vice President, Finance and other senior roles in Petroleum, Services, Corporate, Steel and Minerals. Mr Wasow is currently the senior independent Director of the privately held GHD Group. He was also Non-Executive Director of Alcoa of Australia Limited, AWA Brazil Limitada, AWAC LLC and Non-Executive Director of ASX-listed Alumina from 2011 to 2013. Mr Wasow has been also been a member of the Business Council of Australia, and director of the International Aluminium Institute and APPEA.	Member of the Audit Committee (appointed 1 November 2017) Member of Sustainability Committee (appointed 1 November 2017)	None	Managing Director and Chief Executive Officer of Alumina Limited from January 2014 to May 2017
Former directors				
Neil Hamilton <i>Independent Non-executive Chairman</i> <i>Appointed as a Non-executive Director on 9 February 2010 and Chairman on 13 April 2010</i> <i>LLB</i> <i>Neil Hamilton retired as a Non-executive Director and Chairman on 24 May 2017</i>	Mr Hamilton is an experienced professional Company Director and Chairman. He has over 35 years' experience in the legal profession and in business with substantial experience in senior management positions and on boards of public companies across law, funds management, investment, insurance and resources. Mr Hamilton has broad directorship experience across a range of ASX listed companies. He is the former Chairman of Challenge Bank Ltd, Western Power Corporation, Mount Gibson Iron Ltd, Iress Market Technology Ltd and Miclyn Express Offshore Ltd. Mr Hamilton is also a Senior Advisor to UBS.	Chairman of OZ Minerals Limited Board Member of Human Resources & Remuneration Committee	None	Non-executive Director of Metcash Limited from February 2008 to August 2016

Position	Experience and expertise	OZ Minerals special responsibilities during 2017	Other directorships at currently listed entities	Previous directorships at listed entities (within the last three years)
<p>Paul Dowd</p> <p><i>Independent Non-executive Director</i></p> <p><i>Appointed on 23 July 2009</i></p> <p><i>BSc (Eng)</i></p> <p><i>Paul Dowd retired as a Non-executive Director on 24 May 2017</i></p>	<p>Mr Dowd is a mining engineer and has been in mining for 50 years, primarily in the private sector, but also serving in the public sector as head of the Victorian Mines and Petroleum Departments. He has held senior executive positions with Newmont and prior to that Normandy, including as Managing Director of Newmont Australia Limited and Vice President of Australia and New Zealand Operations for Newmont Mining Corporation. Mr Dowd currently has various advisory positions with councils and groups, including the SA Minerals and Petroleum Expert Group (SAMPEG), and the University of Queensland - Sustainable Minerals Institute Board.</p> <p>Mr Dowd is Chairman of the CSIRO Minerals Resources Sector Advisory Council, and was the Inaugural Chairman of RESA from September 2006 to May 2015 and Non-executive Director of RESA from May 2015 to present.</p>	<p>Chairman of the Sustainability Committee</p> <p>Member of Audit Committee</p>	<p>Non-executive Director of PNX Metals Limited since April 2012 (previously Managing Director from September 2008 to April 2012)</p> <p>Non-executive Director of Energy Resources of Australia Ltd from October 2015 to present</p>	None
Officers				
<p>Michelle Pole</p> <p><i>Company Secretary</i></p> <p><i>Appointed on 13 December 2017</i></p> <p><i>LLB, GDLP</i></p>	<p>Ms Pole also holds office of OZ Minerals' Senior Legal Counsel. Ms Pole spent most of her career in a leading national law firm before moving in-house to the mineral resources sector. Ms Pole has particular experience in commercial transactions, corporate advisory and compliance with the ASX, ASIC and other regulatory bodies. As well as being a Certificated Member of the Governance Institute, Ms Pole holds a Bachelor of Laws from The University of Adelaide and a Graduate Diploma in Legal Practice.</p>			
<p>Robert Mancini</p> <p><i>Head of Legal</i></p> <p><i>Appointed on 17 August 2015</i></p> <p><i>LLB, BCom</i></p> <p><i>Mr Mancini resigned as Company Secretary of OZ Minerals on 13 December 2017</i></p>	<p>Mr Mancini holds a Bachelor of Laws and a Bachelor of Commerce majoring in Economics and Finance. Prior to joining OZ Minerals, Mr Mancini was Senior Legal Counsel at Clough Ltd, General Manager of Legal at UGL Ltd and Group General Counsel at Forge Group Ltd. Together with corporate and continuous disclosure compliance, Mr Mancini is experienced in negotiating large scale EPC and EPCM infrastructure contracts in the oil, gas and mining sectors, both domestically and internationally, as well as in dispute resolution management.</p>			

Meeting attendance

Attendance at OZ Minerals Limited Board and committee meetings (1 January 2017 to 31 December 2017)

	Board meetings		Board committee meetings					
			Audit		Human resources and remuneration		Sustainability	
	A	B	A	B	A	B	A	B
Current directors								
Rebecca McGrath ^(a)	14	14	3	3	5	5	–	–
Andrew Cole	14	14	–	–	–	–	–	–
Julie Beeby ^(b)	14	14	3	3	3	3	4	4
Tonianne Dwyer ^(c)	12	12	3	4	2	3	–	–
Charles Lenegan	14	14	6	6	–	–	4	4
Peter Tomsett ^(c)	12	12	–	–	2	3	3	3
Peter Wasow ^(d)	2	2	1	1	–	–	1	1
Former directors								
Paul Dowd ^(e)	5	5	3	3	–	–	2	2
Neil Hamilton ^(e)	5	5	–	–	3	3	–	–

Note: Andrew Cole and Non-executive Directors who are not Board Committee members also participated in scheduled Board Committee meetings throughout the year.

A = the number of meetings attended during the time the director held office.

B = the number of meetings held during the time the director held office.

^(a) Appointed as Chairman of the Board and resigned from the Audit Committee on 24 May 2017.

^(b) Appointed to the Audit Committee and resigned from the Human Resources and Remuneration Committee on 24 May 2017.

^(c) Appointed as Non-executive Director on 22 March 2017.

^(d) Appointed as Non-executive Director on 1 November 2017.

^(e) Ceased as a Non-executive Director on 24 May 2017.

Directors' interests

Directors' interests in the ordinary shares of OZ Minerals Limited

Director	Shares number
Rebecca McGrath	33,035
Andrew Cole	10,000
Julie Beeby	14,000
Tonianne Dwyer	10,000
Charles Lenegan	20,750
Peter Tomsett	–
Peter Wasow	–
Total	87,785

Environmental regulation

OZ Minerals and its activities in Australia and overseas are subject to environmental regulations. OZ Minerals' Prominent Hill operations, Carrapateena project, Australian exploration activities and concentrate shipping activities operate under various licences and permits under Commonwealth, state and territory laws, in addition to the licensing and permit arrangements which apply to its overseas activities.

OZ Minerals regularly monitors its compliance with its licenses and permits in various ways, including through its own environmental audits as well as those conducted by regulatory authorities and other third parties. OZ Minerals uses a documented process to classify and report any exceedance of a licence or permit condition, as well as any incident reportable to the relevant authorities. All instances of reportable environmental non-compliance and significant incidents are reviewed by the Executive Committee and the Sustainability Committee of the OZ Minerals Board of Directors as a part of this process. A formal report is also prepared to identify the factors that contributed to the incident or non-compliance and the actions taken to prevent any reoccurrence.

During the year, OZ Minerals completed its ninth report under the National Greenhouse and Energy Report Act 2009 (NGERS). Prior to the submission of the report, a comprehensive independent audit was conducted on OZ Minerals' processes that were developed to meet the Act's requirements to assure that the reported emissions, energy production and energy consumption were prepared in accordance with the Act.

Insurance and indemnity

During the financial year, OZ Minerals Limited paid premiums with respect to a contract insuring its directors, officers and related bodies corporate against certain liabilities incurred while acting in that capacity. The insurance contract prohibits disclosure of the liability's nature and the amount of the insurance premium.

The Company's constitution also allows OZ Minerals to provide an indemnity, to the extent permitted by law, to officers of the Company or its related bodies corporate in relation to liability incurred by an officer when acting in that capacity on behalf of the Company or a related body corporate.

The Consolidated Entity has granted indemnities under deeds of indemnity with current and former Executive and Non-executive Directors, former officers, the former General Counsel – Special Projects, the former Group Treasurer and each employee who was a director or officer of a controlled entity of the Consolidated Entity, or an associate of the Consolidated Entity, to conform with Rule 10.2 of the OZ Minerals Limited Constitution.

Each deed of indemnity indemnifies the relevant director, officer or employee to the fullest extent permitted by law for liabilities incurred while acting as an officer of OZ Minerals, its related bodies corporate and any associated entity, where such an office is or was held at the request of the Company. The Consolidated Entity has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Consolidated Entity.

No indemnity has been granted to an auditor of the Consolidated Entity in their capacity as auditor of the Consolidated Entity.

Proceedings on behalf of the Consolidated Entity

At the date of this report there are no leave applications or proceedings brought on behalf of the Consolidated Entity under section 237 of the Corporations Act 2001.

Audit and non-audit services

KPMG continues in office in accordance with the Corporations Act 2001. A copy of the lead auditor's independence declaration is set out on page 92 as required under section 307C of the Corporations Act 2001 and this forms part of the Directors' Report.

OZ Minerals Limited, with the approval of the Audit Committee, may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important, and where these services do not impair the external auditor's independence.

The Audit Committee has, following the passing of a resolution by the Committee, provided the Board with advice in relation to KPMG providing non-audit services.

In accordance with the advice received from the Audit Committee, the Board is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the non-audit services provided by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 because:

- / all non-audit services were reviewed by the Audit Committee to ensure they did not impact the integrity and objectivity of the external auditor
- / none of the services undermined the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants. These include reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for OZ Minerals Limited or its controlled entities, acting as advocate for the Company or jointly sharing economic risk and rewards.

Amounts paid or payable to the external auditor (KPMG) and its network firms for audit and non-audit services

	2017 \$
Audit services provided by KPMG Australia	
Audit and review of financial reports and other audit work under the Corporations Act 2001, including audit of subsidiary financial statements	
KPMG Australia	425,000
Overseas KPMG firms	23,549
Total fee for audit services provided by KPMG	448,549
Other assurance services provided by KPMG (Sustainability work)	50,000
Total audit and assurance fee	498,549
Tax compliance and other tax advisory services	180,000
Other services provided by KPMG	44,328
Total non-audit fee	224,328
Total fees	722,877

Matters subsequent to the end of the financial year

Since the end of the financial year, the Board of Directors has resolved to pay a fully franked dividend of 14 cents per share on 26 March 2018. The record date for entitlement to this dividend is 12 March 2018. The financial impact of the dividend amounting to \$41.8 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2017 and will be recognised in subsequent Consolidated Financial Statements.

There have been no other events subsequent to the reporting date which have significantly affected or may significantly affect OZ Minerals' operations or results in future years.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in financial/directors' reports). Amounts in the financial statements and Directors' Report have been rounded off in accordance with the instrument to the nearest million dollars to one decimal place, or in certain cases, to the nearest dollar. All amounts are in Australian dollars unless otherwise stated.

Operating and financial review

Our operations are reviewed on pages 6–13 and the Financial Review (pp. 29–35) forms part of the Directors' Report.

Remuneration report

The Remuneration Report which has been audited by KPMG is set out on pages 40–55, and forms part of the Directors' Report.

Corporate governance statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and has practices in place to ensure they meet the interests of shareholders.

The Company complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (the ASX Principles). OZ Minerals' Corporate Governance Statement, which summarises the Company's corporate governance practices and incorporates the disclosures required by the ASX Principles, can be viewed at ozminerals.com/about/corporate-governance/corporate-governance-statement.

Signed in accordance with a resolution of the directors.



Rebecca McGrath
Chairman
Adelaide, 22 February 2018



Andrew Cole
Managing Director and CEO
Adelaide, 22 February 2018



Financial Review

FINANCIAL REVIEW

- / Net profit after tax of \$231.1 million
- / Total revenue of \$1.02 billion
- / Underlying EBITDA^(a) of \$539.4 million and EBITDA margin of 53 per cent
- / Net assets of \$2.52 billion, with cash of \$729.4 million and no debt.

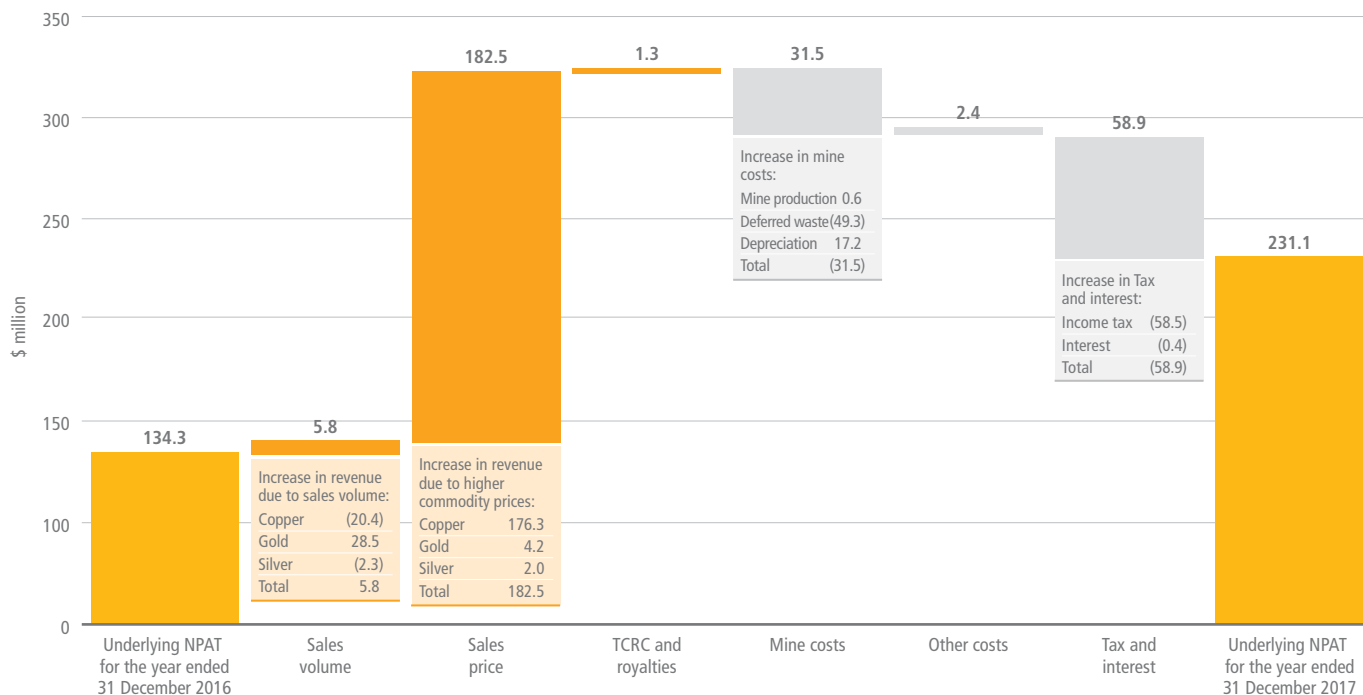
OZ Minerals net profit after tax for the year was \$231.1 million, which was an increase of \$123.3 million (or 114%) compared to 2016. Strong production performance at Prominent Hill in 2017 enabled OZ Minerals to fully capitalise on the buoyant copper price and deliver an underlying net annual profit after tax of \$231.1 million, an increase of \$96.8 million (or 72%) compared to 2016. EBITDA margins improved 18 per cent year on year despite the marginally lower volume of copper sold. OZ Minerals' cash balance of \$729.4 million, an increase of \$73.7 million compared to 2016 after capital investment at Carrapateena, expenditure on exploration activities, tax payments, and dividend payments to shareholders.

	Prominent Hill	Carrapateena	Exploration and development	Corporate	Total	Total
	2017 \$m	2017 \$m	2017 \$m	2017 \$m	2017 \$m	2016 \$m
Net revenue	1,023.1	—	—	—	1,023.1	822.9
Cost of goods sold	(440.1)	—	—	—	(440.1)	(380.3)
Corporate general and administration	(10.9)	—	(0.1)	(20.5)	(31.5)	(36.7)
Exploration and other income/(expense)	(0.6)	(5.2)	(20.1)	3.3	(22.6)	(24.3)
Net realisable value adjustments	16.8	—	—	—	16.8	(10.5)
Foreign exchange (loss)/gain	(5.2)	—	—	(1.1)	(6.3)	2.7
Underlying EBITDA	583.1	(5.2)	(20.2)	(18.3)	539.4	373.8
Net depreciation	(215.7)	—	—	(3.0)	(218.7)	(208.7)
Underlying EBIT	367.4	(5.2)	(20.2)	(21.3)	320.7	165.1
Net finance income					8.7	9.0
Income tax expense					(98.3)	(39.8)
Underlying net profit after tax					231.1	134.3
Non underlying items net of tax ^(b)					—	(26.5)
Net profit after tax for the year attributable to equity holders of OZ Minerals Limited					231.1	107.8
Basic and diluted earnings per share (cents per share)					77.4	35.7

^(a) OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). This Annual Report and Results for Announcement to the Market include certain non-IFRS measures including Underlying EBITDA, Underlying EBIT and Underlying NPAT. These measures are presented to enable understanding of the underlying performance of the Consolidated Entity. Non-IFRS measures have not been subject to audit. Underlying EBITDA, Underlying EBIT and Underlying NPAT are included in Note 1 Operating Segments, which form part of the Consolidated Financial Statements. Refer Note 1.

^(b) The non-underlying item net of tax is the settlement and legal cost associated with the class action incurred in 2016.

Variance analysis – underlying net profit after tax, 31 December 2017 compared to 31 December 2016



Net revenue

2017 revenue was \$188.2 million higher when compared to 2016 as solid production from Prominent Hill benefited from buoyant copper prices. Contained copper sold of 112,288 tonnes was comparable to 2016 while gold sales of 132,285 ounces were 21 percent higher.

In 2017 the average A\$ copper price was 25 per cent higher than in 2016, while the average A\$ gold price was two per cent higher.

Treatment charges and refining costs (TCRC) were lower by \$12.0 million as a result of improved trading terms and lower refining charges.

Cost of goods sold

Cost of goods sold in 2017 was higher than the previous year by \$59.8 million resulting from an increased proportion of underground ore, higher power costs and royalties attributable to the higher revenue base.

Mining costs were \$20.6 million lower in 2017 as a result of the reduction in open pit mining activity (\$41.0 million), offset by increased higher grade underground mining of \$20.4 million. As a result of the declining open pit mine strip ratio (approximately 0.5:1 in 2017 compared to 1:1 in 2016), the deferral of mining costs to the balance sheet was also lower by \$32.6 million in 2017.

Processing costs increased by \$7.7 million, primarily due to higher power prices.

Royalties expenses increased by \$10.7 million due to higher sales compared to the prior period.

During the year, 10 million tonnes of ore were milled (2016: 9.8 million tonnes), including 2.5 million tonnes of underground ore (2016: 2.1 million tonnes). The cash inventory adjustment of \$68.7 million in 2017 was \$16.7 million lower than 2016 as open pit mining concluded in line with the mine plan and was partially displaced by increased underground ore production. 6.1 million tonnes of open pit ore was stockpiled compared to 7.7 million tonnes in 2016.

Other costs

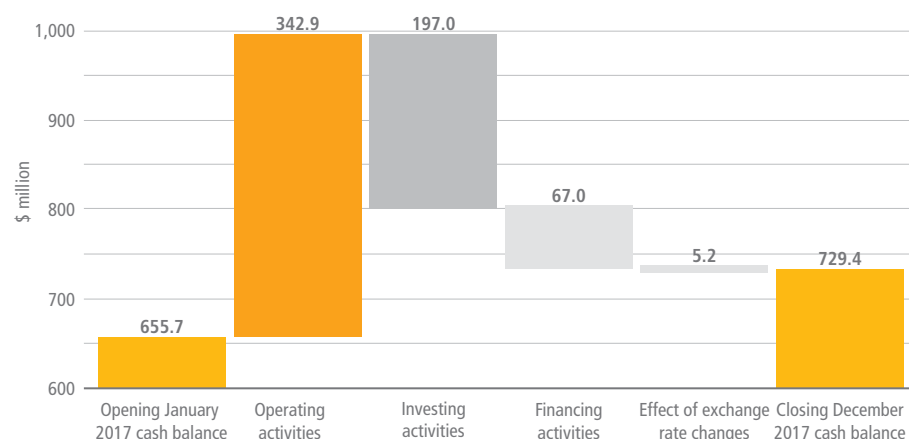
Exploration and evaluation costs of \$16.3 million were incurred during the year in progressing the West Musgrave Project and other exploration earn-in arrangements and \$5.0 million was incurred in relation to corporate development, including due diligence costs associated with other non-organic growth opportunities. During the year \$3.0 million in government grant funding was received relating to the development of the Concentrate Treatment Plant (CTP) technology.

Corporate general and administration costs of \$31.5 million comprise costs incurred in direct support of operating activities (\$11.0 million) and those related to largely corporate activities (\$20.5 million). Costs allocated to support operating activities cover a range of services and expenditure provided at the corporate office to the Prominent Hill, Carrapateena, and Exploration and Development operating segments. These include costs for sales and marketing, strategic sourcing, business services, information technology and insurance.

The income tax expense of \$98.3 million was higher than the previous year as a result of the higher profit and the benefit of tax losses recognised in the previous year.

Net depreciation and amortisation expense increased by \$10.0 million compared to 2016. This was predominantly due to the higher value ore milled.

Cash balance and cash flow



Operating cash flows

Operating cash flows of \$342.9 million for the year were \$18.8 million higher than in 2016, with the benefit of higher commodity prices partially offset by tax payments. Customer receipts were \$126.3 million higher as a result of the higher copper price realised during the year. Income tax payments of \$79.2 million were made during the year representing the tax payment for 2016 of \$65.5 million and the commencement of PAYG instalments for 2017 at the end of the year of \$13.7 million.

Investing cash flows

Net investing cash flows of \$197 million represent payments for property plant and equipment and mine development at Prominent Hill, development costs at Carrapateena, and receipts from the sale of surplus mining equipment.

The payments incurred related to:

- / \$118.7 million in capitalised Carrapateena mine development costs
- / \$16.7 million in CTP study costs
- / \$46.9 million in underground operation mine development costs
- / \$19.6 million of other sustaining capital expenditure
- / \$4.9 million in receipts from equipment sales.

Financing activities

Cash outflows relating to financing activities of \$67.0 million comprised \$59.7 million in dividend payments to shareholders and \$7.3 million relating to the purchase of shares to settle the Company's share based compensation liabilities.

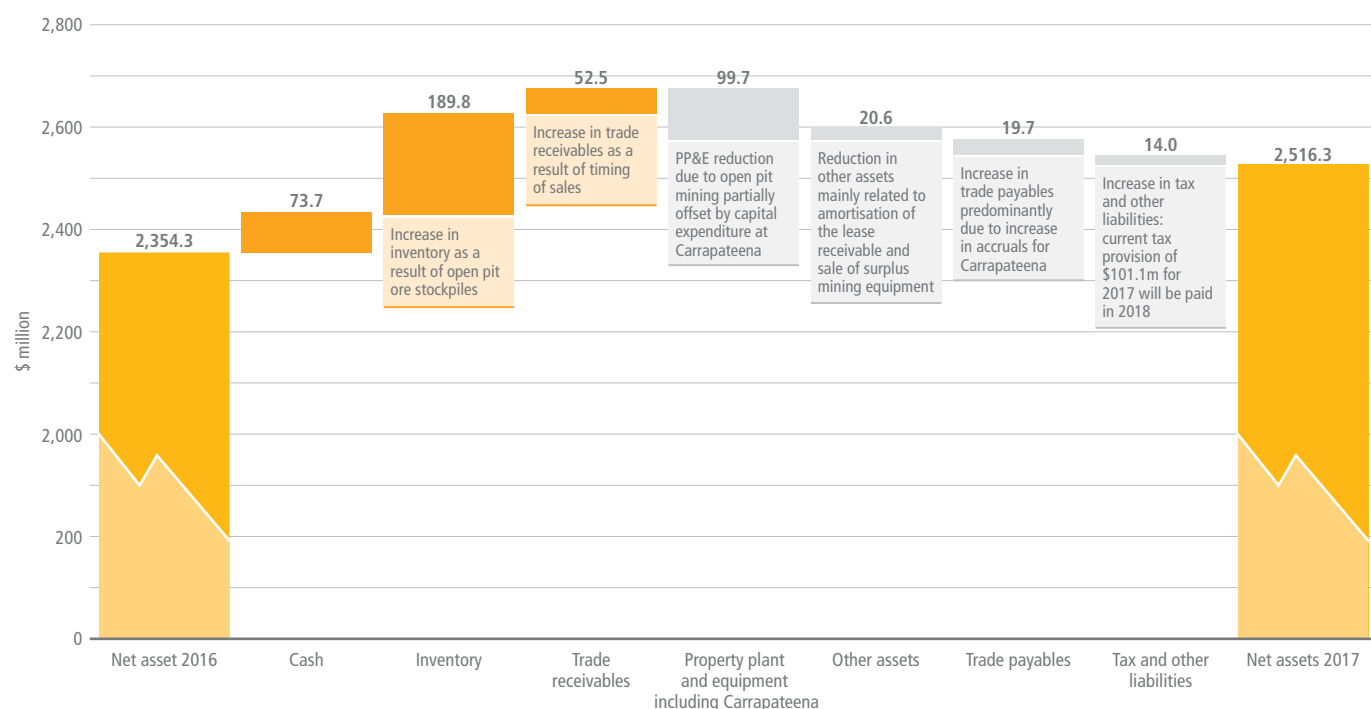
Since the end of the financial year, the Board of Directors have resolved to pay a final dividend amounting to \$41.8 million in respect of the 2017 financial year. This final dividend will be fully franked for Australian tax purposes.

Balance sheet

Total equity increased by \$162.0 million during the year to \$2,516.3 million. This was mainly due to the current year profit of \$231.1 million, which was partially offset by \$59.7 million of dividends and a \$7.2 million (net of tax) decrease in the value of gold derivative contracts.

The movement in the net assets of the Company since 31 December 2016 is provided below:

Movement in net assets since 31 December 2016



The Company ended the year with a cash balance of \$729.4 million and undrawn debt facilities of \$100 million, with an uncommitted facility for \$300 million, providing the liquidity and flexibility for the Company to execute its growth strategy.

Inventories at 31 December 2017 were \$746.9 million, of which non-current ore stockpiles increased by \$124.4 million in line with the accelerated open pit mining strategy. A net realisable value write back of \$16.8 million was applied to the low grade gold ore stockpiles (the estimated net realisable value is based on revenue expected to be derived from metal contained in the ore stockpiles, based on the processing operational plan, after adjustment for incremental costs). As open pit ore stockpiles are consumed following pit closure in 2018, the costs of mining open pit ore and the related capitalised depreciation (collectively comprising open pit ore inventory) will be amortised progressively and recognised in the income statement.

Trade receivables at the end of the year of \$121.9 million were higher at 31 December 2017 due to the timing of shipments.

Property plant and equipment (PP&E) decreased during the year mainly due to depreciation of Prominent Hill PP&E assets by \$323.5 million which was partially offset by capitalised underground development costs of \$46.9 million, development capital expenditure at Carrapateena of \$145.4 million and sustaining capital expenditure of \$19.6 million. The Carrapateena Exploration assets of \$284.9 million were reclassified as PP&E in 2017.

Risks

OZ Minerals' operating results, financial results and performance are subject to a wide range of risks and uncertainties (both opportunities and threats) that can be financial, political, operational and environmental. The Consolidated Entity manages and mitigates these risks, where appropriate, to minimise adverse impacts from threats and maximise beneficial outcomes from opportunities. OZ Minerals' flat corporate governance structure and direct communication channels ensures timely responses to emerging risks. Our risk management framework emphasises risk aware decision-making to achieve enhanced business outcomes.

The Board has oversight responsibility and determines the overall risk appetite for the Consolidated Entity. OZ Minerals operates a risk management system with multiple lines of defence. Line managers, operational staff and corporate functions establish standards for managing risk and the Board and its committees review risk management as a part of their oversight and inspection role. The Company identified risks and mitigating factors that have the potential to affect future operating and financial performance (provided in the table below). Developing mitigating controls for threats minimises the adverse impact on the Company's performance, but the Company's future operations and financial performance may be significantly impacted should any of these elements fail or be disrupted.

Risks and mitigating factors that could affect OZ Minerals' future operating and financial performance

Context	Risk	Mitigation/actions
Strategic risks		
One operating asset Operating only one producing asset exposes the Consolidated Entity to concentration risks.	The Prominent Hill mine generates most of the Company's income and cash flow.	Prominent Hill now operates an integrated underground mine with multiple areas. This mitigates sole dependence on the open pit. The Company has an active program which focuses on using trigger action response plans to maintain the ongoing stability of the open pit walls. The OZ Minerals maintenance and engineering team have developed robust procedures and practices to ensure they are operating the processing plant with minimal disruption and at high throughput levels. Concentrate is transported to Australian destinations using road and rail and it is shipped to overseas destinations from the port of Adelaide. Spillage risks (and environmental impact) are mitigated by using customised containers with lids and rotainers to load concentrate onto ships.
Continuity of power supply The Prominent Hill mine and Carrapateena project are both located in South Australia, which experienced significant power disruption in 2016.	OZ Minerals competes with other power users for competitively-priced uninterrupted power supply within the prevailing environment of volatile electricity prices and power outages in the state. Prominent Hill power supply contracts will be renegotiated in 2018. The Carrapateena power infrastructure and supply agreements are currently being developed.	The Company is developing a power strategy to align with its business strategy, particularly in the Gawler Craton.
Growth strategy A key element of the Company's growth strategy is growth through acquisition or development of value accretive copper assets.	The existence of a large resource at the Prominent Hill operation, Carrapateena, Khamsin, Fremantle Doctor, West Musgrave (JV), other exploration joint ventures and prospectivity of the Gawler Craton. In a climate of prospective commodity prices and expected long-term shortages in copper supplies, OZ Minerals competes with other entities to acquire and develop projects that generate superior shareholder value.	OZ Minerals has a clear pipeline of projects and gated plans which ensure a disciplined approach to leverage the large resource base. OZ Minerals evaluates each opportunity with due care and relies on expert opinion, both internal and external where necessary, to ensure that any potential transaction will be value accretive to the Company's shareholders. OZ Minerals' maintains a segregated approach to the identification and review of potential transactions and projects to ensure appropriate governance is applied over the assessment of financial risk and returns.

Context	Risk	Mitigation/actions
Operational risks		
Project execution Successful execution of OZ Minerals' growth strategy depends on its ability to deliver projects on time and within budget and scope.	Mine development projects are inherently exposed to risks of scope definition, cost estimation accuracy and other external factors which present threats and opportunities to a project's cost, efficiency and profitability. These are not all within the Company's control.	OZ Minerals ensures its projects go through a process of internal and external independent review to verify the engineering, technical and financial scope definitions and other assumptions. The Company manages project costs by sound procurement practices and governance.
Contract management Many aspects of the Prominent Hill operations, Carrapateena project and the Company's exploration and development activities are conducted by contractors.	The production and capital costs incurred by OZ Minerals are subject to a variety of factors, including and not limited to: / fluctuations in input costs determined by global markets (e.g. electricity, fuel and other key consumables) / changes in economic conditions that impact on the margins required by contracting partners / changes in mining assumptions, such as ore grades and pit designs. The operating results of OZ Minerals depend on the performance of contractors.	OZ Minerals engages with reputable contractors who have the technical ability, proven track record and financial capability to execute its projects. Competitive procurement processes and embedded performance structures in contracts ensure that the Consolidated Entity mitigates risks of non-performance by contractors, while deriving the highest value for shareholders.
Geotechnical failure The open pit and underground mining operations remain subject to geotechnical uncertainty and adverse weather conditions. These could manifest as pit wall failures or rock falls, mine collapse, cave-ins or other failures to mine infrastructure and reduced productivity.	The open pit depth will increase until mining ceases in 2018 and the concurrent mining of multiple underground areas will lead to increased underground mining activities.	OZ Minerals operates programs that monitor and respond to changes in geotechnical structures in the open pit, underground, and tailings storage facility to ensure the safety of personnel working in the affected areas. Where possible, activities are undertaken to reduce the risk of geotechnical failure.
Estimates of reserves and resources Reserve and resource assessments involve areas of estimation and judgement.	The preparation of these estimates involves application of significant judgment and no assurance of mineral recovery levels or the commercial viability of deposits can be provided. The Company reviews and publishes its reserves and resources annually.	The reserve and resource estimates and mine plans have been carefully prepared by the Company in compliance with the Joint Ore Reserves Committee (JORC) guidelines and in some instances are verified by independent mining experts or experienced mining operators. The estimation of the Company's reserves and resources involves analysis of drilling results, associated geological and geotechnical interpretations, operating cost and business assumptions, and a reliance on commodity price and exchange rate assumptions. The Company's production plan is based on the published reserves and resources.
Customer management OZ Minerals markets high grade copper concentrate to overseas and local customers. Any disruption to the logistics chain from production through to delivery to the customer can result in significant financial impact.	A concentrate's marketability depends on global mine supply, smelter demand, concentrate grades and impurities in the product. Prominent Hill concentrate has a high copper grade, containing gold and silver as well as fluorine and uranium impurities. Regulators in various jurisdictions may change limits or their approach to impurity assessment guidelines in concentrate. This can impede the importation of the concentrate into those jurisdictions. These changes may result in additional requirements related to the ore, tailings or concentrates, or result in challenges with selling, transporting or importing Prominent Hill concentrates in various jurisdictions.	OZ Minerals has developed customised solutions in partnership with customers. These match smelter demand and production from the Prominent Hill mine to concentrate grade and timing, along with a range of controls to manage the fluorine and uranium impurities. OZ Minerals has multiple marketing options including, but not limited to, ore blending, concentrates blending and additional flotation treatment in the processing plant. OZ Minerals maintains a diverse customer portfolio to mitigate against the risk of regulatory changes to importation requirements.
Market risks		
Commodity prices and exchange rates	OZ Minerals does not control copper, gold, silver or other base metal prices in the global commodities market or the Australian/US dollar exchange rate.	OZ Minerals manages its exposure to copper price on sales by entering into derivative contracts that settle at the same time as the contractual quotation period for the sale. OZ Minerals has entered into gold derivative contracts to fix gold price on 60 per cent of the gold expected to be sold from Q3 2018 to 2021. OZ Minerals' functional currency is the Australian dollar and US dollars are only held to meet US dollar commitments. OZ Minerals does not take active steps to hedge currency risk. OZ Minerals operates mines with a low cost of production relative to global copper producers. This ensures resilience to low commodity prices and an ability to maximise margins during high commodity prices.

Context	Risk	Mitigation/actions
Safety, health, environment, and community (SHEC)		
Operational safety failures resulting in injury or fatality	<p>OZ Minerals undertakes operations in areas which may pose a safety risk including, but not limited to, handling explosives, underground operations subject to rock fall, confined spaces, areas where heavy and light vehicles interact, manual handling and operating at height.</p> <p>A fly-in fly-out operation also introduces risk that is inherent in air travel, as contractors and employees are regularly required to commute by aircraft.</p>	<p>OZ Minerals is committed to the safety of its people and all work processes have a high safety focus.</p> <p>OZ Minerals operates in partnership with its contractors and is actively building a shared safety culture between employees and the contractors who work at our sites.</p> <p>Active engagement at all levels of operations and with senior leadership teams, combined with activities focused on identifying and eliminating drivers of safety incidents, has delivered significant successes and resulted in a sustained reduction in the severity of injuries.</p>
Mine rehabilitation The Company operates under a range of environmental regulations and guidelines.	<p>Environmental regulations and occupational health and safety guidelines for certain products and by-products produced or to be produced are generally becoming more onerous.</p>	<p>The Company is required to close its operations and rehabilitate the land affected by the operation at the conclusion of mining and processing activities.</p> <p>Estimates of these costs are reflected in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets as provisions in the financial statements. Management seeks external assistance and review, where appropriate, to estimate these costs.</p> <p>However, actual closure costs may be higher or lower than estimated as these are costs to be incurred following the closure of mining operations over a long time period.</p>
Maintenance of community relations and good title	<p>The Company works closely with local communities, particularly the Indigenous communities in South Australia.</p> <p>Agreements with the Commonwealth of Australia govern the terms of access to areas located within the 'green zone' of the Woomera Prohibited Area.</p>	<p>Access and compensation agreements are in place with communities affected by mining activities. These are reviewed and updated from time to time.</p> <p>The Company actively engaged with the traditional owners of Carrapateena and this culminated in a partnering agreement with the Kokatha Aboriginal Corporation.</p> <p>The Company has controls in place to ensure compliance with the Deed and relies on good relations with the Australian Defence Department regarding defence operations in the Woomera region and any potential impact these may have on our mining operations.</p> <p>The Company also relies on the maintenance of good title over the authorisations, permits and licences which allow it to operate. Loss of good title or access due to challenges instituted by issuers of authorisations, permits or licences, such as government authorities or land owners, may result in operational disruptions.</p>
Climate change	<p>Severe climate change can cause disruption to mine production, logistics and water supply as a result of extreme weather events.</p> <p>As regulatory agencies respond to climate change over the medium term, costs of inputs may rise and restrictions may be placed on how certain resources are provided, transported and used, which may impact our licence to operate.</p> <p>Climate change combined with regulatory changes also has the potential to be a catalyst for growth in industries that require copper and could result in upward pressure on copper prices.</p>	<p>The Company's governance structure and risk management process specifically focus on climate change risks to identify key risks and develop response plans.</p> <p>OZ Minerals is committed to reducing the energy intensity of our operations, developing innovative practices in relation to chemical processing and being more efficient in our transportation and processing activities.</p> <p>The Company's power strategy will consider renewable energy, power security and reliability for its operations.</p>

Business strategies, prospects and likely developments

This report sets out our business strategies and prospects for future financial years; likely developments in OZ Minerals' operations; and the expected results of our operations in future financial years. We provide this information to help shareholders make an informed assessment about the business strategies and prospects for the Consolidated Entity's future financial years. We have not included details that could give rise to a likely material detriment to OZ Minerals, such as information that is commercially sensitive, confidential or could give a third party a commercial advantage.



Remuneration Overview and Report



Remuneration Overview

Remuneration to executive key management personnel in 2017

Full details of the audited cost to the Company of executive key management personnel (KMP) remuneration, calculated in accordance with the accounting standards and the Corporations Act 2001, are available in Table 11 of the Remuneration Report (p. 51).

We've prepared the table below (unaudited), which includes details of remuneration actually delivered to executive KMP in 2017, to be transparent with our shareholders regarding remuneration outcomes.

Remuneration to executive key management personnel (unaudited)

		Cash salary	Short term incentives	Long term incentives	Termination Benefits ^(a)	Super-annuation ^(b)	Total remuneration
		\$	\$	\$	\$	\$	\$
Current							
Andrew Cole <i>Managing Director and CEO</i>	2017	739,976	626,250	—	—	10,024	1,376,250
	2016	730,384	671,250	—	—	19,616	1,421,250
Mark Rankmore <i>Head of People and Performance</i>	2017	386,832	211,200	—	—	13,168	611,200
	2016	380,542	211,200	—	—	18,645	610,387
Warrick Ranson ^(c) <i>Chief Financial Officer</i>	2017	38,052	—	—	—	3,615	41,667
Former							
Luke Anderson ^(d) <i>Chief Financial Officer</i>	2017	388,738	—	—	7,157	5,012	400,907
	2016	495,785	375,900	—	—	29,215	900,900
Robert Fulker ^(e) <i>Chief Operating Officer</i>	2017	436,694	328,000	—	142,486	10,276	917,456
	2016	470,874	346,000	—	—	19,364	836,238

^(a) Termination benefits include the value of benefits such as payment for notice period and leave balances paid upon termination.

^(b) Represents direct contributions to superannuation funds based on quarterly contribution limits under Super Guarantee Charge regulations (in 2016 contributions were based on annual contribution limits). Amounts greater than the maximum superannuation level have been paid and included in cash salary.

^(c) Appointed 4 December 2017.

^(d) Resigned effective 29 September 2017.

^(e) Ceased to be KMP from 23 November 2017 and resigned on 10 February 2018.

Letter from the Chairman of the Human Resources and Remuneration Committee

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to provide you with the 2017 Remuneration Report for OZ Minerals.

2017 was a successful year for the Company. We achieved or bettered our production and cost guidance, extended the mine life at Prominent Hill and commenced the development of Carrapateena. We also advanced our growth strategy whilst at the same time ensured that the company's balance sheet remained strong. The success of the Company during the year was a direct result of the talent, hard work and dedication of the Company's employees and stakeholders. More detail on the Company's performance is contained in the Directors Report.

Remuneration outcomes in 2017

As in previous years, we have continued to seek to ensure that remuneration outcomes reflect the performance of the Company and are aligned to shareholder's experience. In addition we sought to ensure that executive remuneration remained market competitive, easy to understand and could be clearly communicated to executives and shareholders.

Key outcomes for 2017 include:

- / Executive salaries were held at 2016 levels during 2017
- / The strong performance of the Company against the KPIs set by the Board for the 2017 year supported short term incentive awards to KMPs on average 84.5% of their maximum annual short term incentive opportunity. Details of the KPI outcomes can be found in section 3.2 of the Remuneration Report
- / Reflecting the strong performance of the Company and his leadership during 2017, the Board determined to award 83.5% of the maximum annual short term incentive opportunity to the Managing Director and Chief Executive Officer, Andrew Cole
- / The lapsing of 382,251 performance rights following the resignations of KMPs Luke Anderson and Robert Fulker.

Developments for remuneration for 2018 and beyond

As activity picks up in the mining sector and the Company enters the next phase of its growth journey, we recognise the need to continue to ensure reward mechanisms are appropriately aligned. The Board also considers it vital that Key Management Personnel and other critical senior management in the business are retained during the construction and commissioning of Carrapateena.

Accordingly the Board approved:

- / a remuneration review for the Company for 2018. The last company-wide review was in 2012
- / fixed remuneration increase for Managing Director and CEO, Andrew Cole to \$800,000 per annum. This recognises the increased scale and complexity of the Company and its operations, and positions his remuneration competitively with comparable companies. His short term incentive opportunity was also increased from 100% to 120% for 2018. His fixed remuneration has not been increased since joining the Company in 2014
- / fixed remuneration increase for Head of People and Performance, Mark Rankmore, to \$470,000 per annum to reflect increases in the scope of his role
- / no other increases to KMP fixed remuneration
- / one-off issue of performance rights in 2018 to ongoing KMP (other than Andrew Cole) under an Alignment Plan. The number of rights issued will represent 20% of the KMP's fixed remuneration with vesting subject only to continuing employment on the second anniversary of the award.

During 2017 the Company also commenced a review of its executive remuneration incentive structure to ensure that it continues to align the interests of executives with those of shareholders. This review has highlighted some opportunities for improved alignment which will be further developed during 2018 with a view to implementation in 2019. We intend to consult with shareholders on these proposals prior to implementation.

Meanwhile, following a review of the existing Long Term Incentive plan Total Shareholder Return comparator group the Board has determined to amend the comparator group of companies to give better alignment to the Company.

Seven new comparator companies will be added to the peer group consisting of Independence Group, Western Areas, Avanco Resources, First Quantum Minerals, Antofagasta, Freeport McMoRan and Dundee Precious Metals. Two companies will be removed from the peer group, being MMG Limited and Katanga Mining. These changes will apply to the 2018 award.

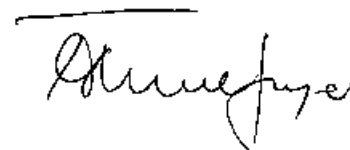
The Board considers this group better reflects the growth in the scale and complexity of the operations of the Company. The Board also recognises that a larger comparator group is more reflective of shareholder opportunity whilst also reducing the volatility of the outcome for executives.

Finally, the Board decided not to increase the fees paid to Non-executive Directors in 2017. During 2018 it is intended to undertake a review of the roles and responsibilities of the Board and its committees and their respective fees. Board and committee fees have not been increased since 2012.

The Board is determined to continue our focus on the longer-term business strategy and deliver consistent, well-aligned and transparent remuneration outcomes.

Thank you for your ongoing support of OZ Minerals.

Yours sincerely,



Tonia Dwyer
Chairman Human Resources and Remuneration Committee

Adelaide

22 February 2018

Remuneration Report

The Directors of OZ Minerals Limited present the Remuneration Report for the Company and the Consolidated Entity for the year ended 31 December 2017. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the Corporations Act 2001.

1.0 Key management personnel

The Consolidated Entity's key management personnel (KMP) during 2017 are listed in Table 1, and consist of the non-executive directors (NED) and executive KMP who are accountable for planning, directing and controlling the affairs of the Company and its controlled entities.

2.0 Remuneration policy

2.1 Overview of remuneration policy and practices

The remuneration principles outlined in Table 2 demonstrate the links between remuneration and business strategies and their impact on OZ Minerals actual remuneration arrangements. The overriding business objective is to achieve superior returns compared to the Company's peers in the resources sector.

Table 1 – KMP during 2017

Name	Position	Period as KMP during the year
Executive KMP		
Andrew Cole	Managing Director and CEO	All of 2017
Mark Rankmore	Head of People and Performance	All of 2017
Warrick Ranson	Chief Financial Officer	Appointed 4 December 2017
Former		
Luke Anderson	Chief Financial Officer	Resigned 29 September 2017
Robert Fulker	Chief Operating Officer	Ceased to be KMP on 23 November 2017
Non-executive directors		
Rebecca McGrath	Independent Chairman ^(a)	All of 2017
Julie Beeby	Independent NED	All of 2017
Tonianne Dwyer	Independent NED	Appointed 22 March 2017
Charles Lenegan	Independent NED	All of 2017
Peter Tomsett	Independent NED	Appointed 22 March 2017
Peter Wasow	Independent NED	Appointed 1 November 2017
Former		
Neil Hamilton	Independent Chairman	Retired 24 May 2017
Paul Dowd	Independent NED	Retired 24 May 2017

^(a) Rebecca McGrath was elected to be an Independent Chairman by shareholders in the Annual General Meeting on 24 May 2017.

Table 2 – Remuneration principles

Business needs and market alignment	OZ Minerals remuneration policy is focused on achieving our corporate objectives. Remuneration is set having regard to market practices and aligned with achieving shareholder returns.
Simplicity and equity	OZ Minerals remuneration philosophy, policy, principles and structures are simple to understand, communicate and implement, and are equitable across the Company and its diverse workforce.
Performance and reward linkages	Well-designed remuneration policy supports and drives Company and team performance and encourages the demonstration of desired behaviours. Performance measures and targets are few in number, outcome-focused and customised at an individual level to maximise performance, accountability and reward linkages.
Market positioning and remuneration mix	Fixed remuneration is set at a competitive level and positioned to take in to account the challenges of attracting and retaining high performers in business critical roles, particularly in the mining industry. The 'at-risk' components of remuneration depend on challenging goals and are focused on incentivising executive KMP to achieve business critical objectives and shareholder returns.
Talent management	Remuneration policy is tightly linked with our performance and talent management frameworks to reward and recognise employees who achieve their role accountabilities and to engage future leaders.
Governance, transparency and communication with shareholders	OZ Minerals is committed to developing and maintaining remuneration policies and practices that maximise value. We will openly communicate these to shareholders and other relevant stakeholders, and will always be within legal, regulatory and industrial requirements. The Board has absolute discretion to develop, implement and review key aspects of remuneration.

2.2 Remuneration consultants

The Board of Directors and Human Resources and Remuneration Committee seek and consider advice from independent remuneration consultants to ensure that they have all the relevant information at their disposal to determine executive KMP remuneration. The engagement of remuneration consultants is governed by internal protocols that set the parameters around the interaction between management and consultants to minimise the risk of any undue influence and ensure compliance with the Corporations Act 2001.

PROTOCOLS

Under the protocols adopted by the Board and Human Resources and Remuneration Committee:

- / remuneration consultants are engaged by and report directly to the Board or the Human Resources and Remuneration Committee
- / the committee must, in deciding whether to approve the engagement, have regard to any potential conflicts of interest including factors that may influence independence such as previous and future work performed by the Committee and any relationships that exist between any Executive KMP and the consultant
- / communication between the remuneration consultants and executive KMP is restricted to minimise the risk of undue influence on the remuneration consultant
- / where the consultant is also engaged to perform work that does not involve the provision of a remuneration recommendation, prior approval of the Board or Human Resources and Remuneration Committee must be obtained in certain circumstances where the consultant continues to be engaged to provide remuneration recommendations.

The Board and the Human Resources and Remuneration Committee use remuneration consultants' advice and recommendations from time to time. The Board makes its decisions after it considers the issues and the advice from Human Resources and Remuneration Committee and consultants.

During 2017, PwC were engaged to review the Company's executive remuneration framework. Their observations will form the basis of further work to be undertaken during 2018 to ensure that remuneration arrangements continue to align with shareholder interests in pursuit of the Company's strategy. The work completed did not constitute a remuneration recommendation in accordance with the Corporations Act 2001. The fee for work conducted was \$108,834 (including GST).

2.3 Review of executive KMP remuneration

Executive KMP remuneration levels are reviewed annually by the Board with help from the Human Resources and Remuneration Committee and external remuneration consultants as required. The review makes sure that executive KMP remuneration remains consistent with the Company's remuneration policies and guiding principles, and considers:

- / the Company's remuneration policy and practices
- / relevant market benchmarks using salary survey data from the Australian industrial and resources sectors
- / the skills and experience required of each role in order to grade positions accurately and attract high calibre people
- / individual performance against role expectation, set objectives, leadership behaviours and development plans
- / Company strategy, business plans and budgets.

2.4 Executive KMP remuneration components

Table 3 – Remuneration mix

Total fixed remuneration (TFR)	At-risk remuneration	
	Short term incentive (STI)	Long term incentive (LTI)
The regular base reward that reflects the job size, role, responsibilities and professional competence of each executive, according to their knowledge, experience and accountabilities and considering external market relativities.	A variable, performance based, annual cash incentive plan designed to reward high performance against challenging, clearly defined and measurable objectives. These are based on a mixture of targets and are set to incentivise superior performance with specific targets or metrics in each category.	The equity component of the at-risk reward opportunity which is linked to the Company's medium to long term TSR and share price performance. A three-year performance period applies.

The mix of fixed and at-risk remuneration varies depending on the role and grading of executives as well as the performance of the Company and individual executives. More senior positions have a greater proportion of at-risk remuneration. If maximum at-risk remuneration is earned, the ratio percentage of fixed to at-risk remuneration would be as follows.

Executive KMP remuneration mix

Managing Director and CEO	28.6%	28.6%	42.8%
Head of People and Performance	43.5%	26.1%	30.4%
Chief Operating Officer	37.0%	29.6%	33.4%
Chief Financial Officer	37.0%	29.6%	33.4%

Fixed
 STI
 LTI

Table 4 – Questions and answers about executive KMP remuneration

Total fixed remuneration (TFR)													
What is included in total fixed remuneration?	An executive KMP's total fixed remuneration comprises salary and certain other benefits (including statutory superannuation contributions) that may be taken in an agreed form, such as cash, leased motor vehicles and additional superannuation, provided that no extra cost is incurred by the Company for these benefits.												
When and how is fixed remuneration reviewed?	Fixed remuneration is reviewed annually. Any adjustments to the fixed remuneration for the Managing Director and CEO and other executive KMP must be approved by the Board after recommendations by the Human Resources and Remuneration Committee. The Company seeks to position the fixed remuneration between the 50 th and 75 th percentile (or higher) of remuneration for business critical roles in comparable companies within the mining market and where appropriate, the broader general industry market.												
Short term incentive (STI)													
Why does the Board think an STI plan is appropriate?	Variable performance based remuneration strengthens the link between pay and performance. The purpose of these programmes is to make a large proportion of the total market reward package subject to meeting various targets linked to OZ Minerals' business objectives. The use of variable performance based remuneration avoids much higher levels of fixed remuneration and is designed to focus and motivate employees to achieve outcomes beyond the standard expected in the normal course of ongoing employment. A reward structure that provides variable performance based remuneration is also necessary as a competitive remuneration package in the Australian and global marketplace for executives.												
What are the performance conditions?	<p>The performance conditions that determined STI outcomes in 2017 were: (a) Company key performance indicators (KPIs) and (b) individual KPIs.</p> <p>The Company KPI hurdle in 2017, accounts for 90% of the STI award for the Managing Director and CEO and 50% of the STI award for other KMP and the balance was attributable to individual KPIs.</p> <p>(a) Company KPIs</p> <p>Company KPIs are set and weighted at the beginning of each year. They are designed to drive successful and sustainable financial and business outcomes, with reference to the Board approved corporate objectives, plans and budget for the year. The key areas of focus in 2017 included improving the Company's operational and financial performance, sustainability performance and progressing strategic growth objectives.</p> <p>Table 4.1 – Company KPIs in 2017 that applied to executive KMP</p> <table><tr><th>KPI category</th><th>KPI detail</th><th>% weighting</th></tr><tr><td>Operational and financial</td><td>EBITDA, net cash flow, corporate efficiency</td><td>40</td></tr><tr><td>Sustainability</td><td>safety improvement, safety behaviours, leadership effectiveness</td><td>20</td></tr><tr><td>Strategy and growth</td><td>concentrate production and sales, Carrapateena development, growth pipeline</td><td>40</td></tr></table> <p>b) Individual KPIs</p> <p>Individual KPIs vary for each executive KMP based on their accountabilities.</p> <p>The Board assesses and sets the KPIs for the Managing Director and Chief Executive Officer award, and the Managing Director and Chief Executive Officer assesses and sets the KPIs for each of the other executive KMP in consultation with the Board.</p>	KPI category	KPI detail	% weighting	Operational and financial	EBITDA, net cash flow, corporate efficiency	40	Sustainability	safety improvement, safety behaviours, leadership effectiveness	20	Strategy and growth	concentrate production and sales, Carrapateena development, growth pipeline	40
KPI category	KPI detail	% weighting											
Operational and financial	EBITDA, net cash flow, corporate efficiency	40											
Sustainability	safety improvement, safety behaviours, leadership effectiveness	20											
Strategy and growth	concentrate production and sales, Carrapateena development, growth pipeline	40											
Is there an overriding financial performance condition or other condition?	Yes. The availability of the STI Pool is at the discretion of the Board, which takes into account the interests of the Company and shareholders. The Board can choose not to pay or reduce the amount of the STI otherwise payable.												
How is the STI structured to reward exceptional performance?	<p>The STI plan is designed to reward executive KMP at three pre-determined performance levels – threshold, target and maximum.</p> <table><tr><td>Threshold performance</td><td>represents the minimum level of performance required for an STI award to vest.</td></tr><tr><td>Target performance</td><td>represents the achievement of planned or budgeted performance, set at a challenging level.</td></tr><tr><td>Maximum performance</td><td>represents outstanding performance, set at a stretch level.</td></tr></table>	Threshold performance	represents the minimum level of performance required for an STI award to vest.	Target performance	represents the achievement of planned or budgeted performance, set at a challenging level.	Maximum performance	represents outstanding performance, set at a stretch level.						
Threshold performance	represents the minimum level of performance required for an STI award to vest.												
Target performance	represents the achievement of planned or budgeted performance, set at a challenging level.												
Maximum performance	represents outstanding performance, set at a stretch level.												

What is the value of the STI opportunity?

Table 4.2 – The target and maximum STI reward opportunity for executive KMP in 2017

Executive KMP	Target STI (as % of TFR)	Maximum STI (as % of TFR)
Andrew Cole	70	100
Luke Anderson ^(a)	56	80
Robert Fulker	56	80
Mark Rankmore	42	60
Warrick Ranson ^(b)	56	80

^(a) Resigned 29 September 2017, ineligible for STI payment.

^(b) Appointed 4 December 2017, ineligible for STI payment.

How is STI assessed?

The Managing Director and CEO assesses the business performance of executive KMP throughout the year for progress and improvement, to arrive at a summary assessment at year end for discussion with the Human Resources and Remuneration Committee and the Board. The Board also reviews the performance assessment of all executives who report directly to the Managing Director and CEO, with a view to understanding, endorsing and/or discussing individual circumstances, performance, leadership behaviours and future development. The Human Resources and Remuneration Committee and the Board assess the performance of the Managing Director and CEO against the performance targets and objectives set for that year.

The Board considers the method of assessing STI as described above to be appropriate as the Managing Director and CEO has oversight of his direct reports and the day to day function of the Company, whilst the Board and Human Resources and Remuneration Committee have overall responsibility for determining whether Executive KMP have met the performance targets and objectives set for that year.

What happens to STI awards when an executive ceases employment?

If an executive leaves OZ Minerals then the Good Leaver Policy may apply (subject to the executive's contract) and, if the requirements are met, the STI may be granted on a pro rata basis in relation to the period of service completed. This is at the Board's discretion and conditional upon the individual performance of the relevant executive.

Long term incentive (LTI)

Why does the Board consider a LTI Plan to be appropriate?

The Company believes that a LTI plan can:

- / focus and motivate employees to achieve outcomes beyond the standard expected in the normal course of ongoing employment
- / ensure that business decisions and strategic planning take into account the Company's long term performance
- / be consistent with contemporary remuneration governance standards and guidelines
- / be consistent and competitive with current practices of comparable companies
- / create an immediate ownership mindset among the executive participants, linking a substantial portion of their potential total reward to OZ Minerals' ongoing share price and shareholder returns.

How is the award delivered?

The LTI is granted using performance rights under the OZ Minerals LTI plan (detailed below).

Was a grant made in 2017?

A grant was made on 27 January 2017 to all continuing participants in the LTI plan. The number of performance rights granted to each executive was calculated as their LTI dollar opportunity divided by the adjusted five-day volume weighted average price of OZ Minerals as at the start of the performance period. The performance period for the 2017 LTI grant is 1 January 2017 to 31 December 2019.

What was the value of the 2017 grant for executive KMP?

Table 4.3 – The LTI grant to executive KMP in 2017

Executive KMP	2017 LTI grant as % of TFR	2017 LTI grant allocation \$
Andrew Cole	150	1,125,000
Luke Anderson ^(a)	90	472,500
Robert Fulker ^(b)	90	450,000
Mark Rankmore	70	280,000
Warrick Ranson ^(c)	—	—

^(a) Resigned 29 September 2017, LTI was granted to Mr Anderson in 2017. All rights lapsed upon cessation of employment.

^(b) Ceased to be KMP effective 23 November 2017 and resigned 10 February 2018, LTI granted to Mr Fulker in 2017 lapsed upon cessation of employment.

^(c) Appointed 4 December 2017, ineligible for the 2017 LTI grant.

What are the performance conditions?

The two performance conditions, referred to as the vesting conditions are: (a) the executive KMP meeting the service condition; and (b) OZ Minerals meeting the LTI performance conditions.

Service condition

The service condition is met if employment with OZ Minerals is continuous for three years commencing on or around the grant date (performance period).

Performance conditions

The LTI plan performance conditions for 2017 were as follows:

1. Total shareholder return (TSR)

Relative TSR is the primary LTI performance hurdle measured against a comparator group. The Board considers TSR to be an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and that participants only receive a benefit where there is a corresponding direct benefit to shareholders.

TSR reflects benefits received by shareholders through share price growth and dividend yield and it is the most widely used long term incentive hurdle in Australia. The Company employs an independent organisation to calculate the TSR ranking to ensure an objective assessment of the relative TSR comparison. Performance rights in respect to this hurdle will vest in accordance with the following table.

Table 4.4 – Performance rights vested according to total shareholder return

TSR of OZ Minerals relative to TSRs of constituents of the nominated peer group	Proportion of performance rights that vest
Below 50 th percentile	0%
50 th percentile	50%
Between 50 th percentile and 75 th percentile (not inclusive)	Straight line vesting between 50% and 100%
75 th percentile or above	100%

The TSR performance hurdle accounts for **70%** of the LTI award.

2. Absolute share price growth

Absolute share price growth is the second LTI performance hurdle. This hurdle will be satisfied if the OZ Minerals share price has increased by at least 20% over the performance period. Performance rights in respect to this hurdle will vest in accordance with the following table.

Table 4.5 – Performance rights vested according to absolute share price growth

OZ Minerals share price growth over the performance period	Proportion of performance – related performance rights that vest
Less than 20%	0%
20% or greater	100%

The absolute share price growth hurdle accounts for **30%** of the LTI award.

Why were the performance conditions chosen?

It is standard market practice to link individual executive performance (including mandatory service periods) and Company performance to the vesting of performance rights. The conditions link executives' retention and performance directly to rewards, but only where shareholder returns are realised. The focus on employee-held equity is also part of a deliberate policy to strengthen engagement and direct personal interest to achieve shareholders returns.

What is the comparator group?

The comparator companies selected for 2017 are considered to be alternative investment vehicles for local and global investors. They are impacted by commodity prices and cyclical factors in a similar way to OZ Minerals.

Table 4.6 – 2017 comparator companies

Comparator company	Exchange	ASX/ticker code
Capstone Mining Corp.	TSX	CS
HudBay Minerals Inc.	TSX	HBM
Ivanhoe Mines Ltd	TSX	IVN
Katanga Mining Limited	TSX	KAT
KAZ Minerals Plc	LSE	KAZ
Lundin Mining Corporation	TSX	LUN
Sandfire Resources NL	ASX	SFR
Taseko Mines Limited	TSX	TKO
Nevsun Resources Ltd	TSX	NSU
MMG Limited	HKEX	1208

What happens to performance rights granted under the LTI plan when an executive ceases employment?

If the executive's employment is terminated for cause, or if they resign, all unvested performance rights will lapse unless the Board determines otherwise. In all other circumstances, unless the Board determines otherwise, a pro rata portion of the executive's performance rights, calculated by reference to the portion of the performance period that has elapsed, will remain on foot, subject to the performance condition as set by the Board. If and when these performance rights vest, shares will be allocated (or a cash equivalent amount will be paid) in accordance with the OZ Minerals' Equity Incentive Plan Rules and any other conditions of grant.

What happens in the event of a change of control?

In the event of a takeover or change of control at OZ Minerals, the Board has the discretion to determine that vesting of all or some of the performance rights should be accelerated. If a change of control occurs before the Board has exercised its discretion, a pro rata portion of the performance rights will vest, calculated on the portion of the relevant performance period that has elapsed up to the change of control. The Board retains discretion to determine if the remaining performance rights will vest or lapse.

Is there any ability for the Company to 'clawback' LTI awards?

In the event of fraud, dishonesty, gross misconduct or material misstatement of the financial statements, the Board may make a determination that could include the lapsing of unvested performance rights the forfeiture of shares allocated on vesting of performance rights and/or repayment of any cash payment or dividends to ensure that no unfair benefit was obtained.

Do shares granted upon vesting of performance rights granted under the LTI plan dilute existing shareholders' equity?

Generally, there is no dilution of shareholders' pre-existing equity as shares allocated to LTI plan participants upon vesting of performance rights are usually satisfied by purchases by the plan trustee on market.

Does the Company have a policy in relation to margin loans and hedging at risk remuneration?

Under the Company's Securities Trading Policy, all executives, directors and officers are prohibited from entering into financing arrangements where the monies owed to the lender are secured against a mortgage over OZ Minerals' shares. The Company's Securities Trading Policy also prohibits executives and employees from entering into any hedging arrangement over unvested securities issued pursuant to any share scheme, performance rights plan or option plan.

3.0 Company performance and remuneration outcomes

3.1 Company performance

We present a summary of OZ Minerals' business performance as measured by a range of financial and other indicators.

3.2 STI performance and outcomes for 2017

The Chairman and the Board, with the assistance of the Chair of the Human Resources and Remuneration Committee, reviewed the Managing Director and CEO's performance against 2017 KPIs. The Managing Director and CEO reviews the performance of each of the other executive KMP against their 2017 individual KPIs, and seeks the approval of the Board and Human Resources and Remuneration Committee to determine award outcomes.

Table 5 – Company performance^(a)

Measure	2017	2016	2015	2014	2013
Underlying EBITDA – \$ million	539.4	373.8	434.9	352.4	(215.5)
Net profit/(loss) after income tax – \$ million	231.1	107.8	130.2	48.5	(294.4)
Net cash inflow from operating activities – \$ million	342.9	324.1	429.8	221.5	179.1
Basic earnings/(loss) per share – cents	77.4	35.7	42.9	16.0	(97.1)
Share price at end of year – \$	9.16	7.89	4.05	3.48	3.15
Dividends paid per share – cents	20	20	6	20	30

^(a) Refer to the Financial Review section (p. 29) in the Directors Report for a commentary on the consolidated results, including underlying performance of the Consolidated Entity.

The Company scorecard contains enterprise level KPIs. The scorecard was assessed against the KPI's in 2017, which resulted in a Board-approved score of 3.9.

Table 6 – 2017 summary company KPI performance

Measure	KPI	Link to strategy	2017 performance summary	Outcome
Financial and operations (40% total)	Financial delivery (30%)	Lean business	Target EBITDA of \$406 million was exceeded. The outcome reflected consistent performance from Prominent Hill operations and improved cost performance. Net operating cash flow target of \$162 million was also exceeded.	Exceeded
	Governance and organisation efficiency (10%)	Lean business	Ongoing progress was made in continuing to simplify internal governance and systems based on the Company's operating model and lean operating culture. Performance Standards were finalised and rollout of Company Process Standards commenced. Consistent financial and operating performance has also demonstrated increasing commitment to innovation and exploring new ways of generating value.	Achieved
Sustainability (20% total)	Safety performance (10%)	Safe	TRIFR of 6.39 reflected ramp-up of activity at Carrapateena and improvements made at Prominent Hill. Severity of injury has reduced from 2016 levels and all significant incidents were reported, investigated and subsequently reviewed by the Executive Committee for corrective action.	Partly achieved
	Leadership effectiveness (10%)	Strong values	Leadership effectiveness improved throughout the year through a targeted change programme to align senior leaders to company strategy and How We Work Together principles, setting the long term leadership culture for the Company. Leadership effectiveness was also demonstrated by continued improvements in developing innovation across the Company and ongoing improvements in cost control, operational performance and progressing growth opportunities consistent with the Company strategy.	Exceeded

Table 6 cont.

Measure	KPI	Link to strategy	2017 performance summary	Outcome
Strategy and growth (40% total)	Organic growth (20%)	Copper core	The Carrapateena project was approved by the Board of Directors for full construction at a budgeted cost of \$916 million. Work was completed to confirm an extended mining life at Prominent Hill until 2029. The West Musgrave project (an earn-in agreement with Cassini Resources) Scoping Study was completed and the project has proceeded to Pre-Feasibility Stage.	Exceeded
	Pipeline growth (10%)	Multiple assets	The exploration pipeline grew during the year, resulting in nine active drilling projects being maintained with various joint venture partners within Australia, Portugal and Mexico.	Achieved
	Concentrate quantity and quality (10%)	Customer focus	All budgeted concentrate produced by the Prominent Hill operation was sold in line with customer contracts with no breach in contract specifications whilst maintaining sufficient budgeted inventory. Study programme for the Concentrate Treatment Plant also progressed.	Exceeded

Table 7 – STI award percentage for executive KMP

In accordance with the procedure set out in Section 2.0, an assessment was undertaken of the performance of each of the eligible Executive KMP against their 2017 KPIs.

Executive KMP	Company KPI performance (as per cent of maximum performance)	Individual KPI performance (as per cent of maximum performance)	Overall performance outcome (as per cent of maximum performance)
Current			
Andrew Cole	83.5	83.5	83.5
Mark Rankmore	83.5	92.5	88
Warrick Ranson ^(a)	–	–	–
Former			
Luke Anderson ^(b)	–	–	–
Robert Fulker ^(c)	83.5	80.5	82

^(a) Appointed 4 December 2017, ineligible for STI payment.

^(b) Resigned 29 September 2017, ineligible for STI payment.

^(c) Ceased to be KMP on 23 November 2017 and resigned effective 10 February 2018, eligible for STI payment as completed full year service.

Table 8 – STI payments to executive KMP in 2017

Name	Payment \$	Maximum potential value of payment ^(a) \$	Per cent of maximum grant awarded ^(b) %	Per cent of maximum grant forfeited %
Andrew Cole	626,250	750,000	83.5	16.5
Mark Rankmore	211,200	240,000	88	12
Warrick Ranson ^(c)	–	–	–	–
Former				
Luke Anderson ^(d)	–	420,000	–	100
Robert Fulker ^(e)	328,000	400,000	82	18

^(a) The minimum potential value of the payments was nil. The maximum potential value of payment represents the achievement of stretch performance.

^(b) Rounded to the nearest whole decimal place.

^(c) Appointed 4 December 2017, ineligible for STI payment.

^(d) Resigned effective 29 September 2017, ineligible for STI payment.

^(e) Ceased to be KMP on 23 November 2017 and resigned effective 10 February 2018 eligible for STI payment as completed full year service.

3.3 LTI performance and outcomes

Performance rights granted under the OZ Minerals LTI Plan are granted for no consideration. Performance rights carry no dividend or voting rights. One ordinary share in the Company will be allocated on vesting of a performance right. The vesting condition for each grant is the relative TSR performance and absolute share price growth of the Company over the relevant performance period. In general, the executive must also remain employed with OZ Minerals for a continuous period of three years from the grant date. Details of the prior awards for relevant executive KMP are set out in the Remuneration Report for the year in which they were granted.

Details of the performance rights held by executive KMP that lapsed during the year are set out in Table 15. Additional details are set out in Note 12 to the Financial Statements

The LTI awards on foot during the year (including those granted as part of the 2017 LTI awards) are detailed below.

Table 9 – LTI awards on foot

	Grant date	Rights	Maximum value of grant ^(a) \$	Fair value per performance right ^(b)	Performance period	Expiry date	Vesting outcome
Current							
Andrew Cole	24/7/2017	135,446	1,353,106	4.29	1/1/2017 – 31/12/2019	15/2/2020	To be determined
	5/7/2016	201,223	1,722,469	3.88	1/1/2016 – 31/12/2018	15/2/2019	To be determined
	21/7/2015	154,344	754,742	3.47	1/7/2015 – 30/6/2018	15/8/2018	To be determined
Mark Rankmore	27/1/2017	33,711	336,773	6.20	1/1/2017 – 31/12/2019	15/2/2020	To be determined
	16/3/2016	74,184	635,015	3.56	1/1/2016 – 31/12/2018	15/2/2019	To be determined
	21/7/2015	35,577	173,972	2.82	1/7/2015 – 30/6/2018	15/8/2018	To be determined
Former							
Luke Anderson ^(c)	27/1/2017	56,887	568,301	6.20	1/1/2017 – 31/12/2019	15/2/2020	Lapsed
	16/3/2016	126,771	1,084,646	3.56	1/1/2016 – 31/12/2018	15/2/2019	Lapsed
	4/12/2015	23,680	115,795	2.82	1/7/2015 – 30/6/2018	15/8/2018	Lapsed
Robert Fulker ^(d)	27/1/2017	54,179	541,248	6.20	1/1/2017 – 31/12/2019	15/2/2020	Lapsed
	16/3/2016	120,734	1,033,483	3.56	1/1/2016 – 31/12/2018	15/2/2019	Lapsed

^(a) The maximum value of the grants has been estimated based on a 52-week high closing share price in the calendar year of the grant. For the 2017 grant, this was \$9.99 per instrument. The minimum total value of each grant, if the applicable performance conditions are not met, is nil.

^(b) The fair values were calculated as at the grant dates. In accordance with the requirements of applicable accounting standards, remuneration includes a proportion of the notional value of performance rights as compensation granted or outstanding during the year. The notional value of performance rights granted as compensation is determined as at the grant date and progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may in fact receive. The values were calculated by an external third party based on a Monte-Carlo simulation model.

^(c) Resigned effective 29 September 2017.

^(d) Ceased to be KMP on 23 November 2017 and resigned effective 10 February 2018.

4.0 Executive KMP employment arrangements

Remuneration arrangements for executive KMP are formalised in executive service agreements. Each agreement provides for the payment of fixed remuneration, performance-related cash bonuses under the STI plan, other benefits, and participation in the Company's LTI plan.

Table 10 – Executive KMP key provisions

Name	Term of contract	2017 TFR \$	Notice period	Termination benefit
Current				
Andrew Cole	Permanent – ongoing until notice has been given by either party.	750,000	Twelve months' notice by the Company. Six months' notice by Andrew Cole. Company may elect to make payment in lieu of notice. No notice period required for termination by Company for cause.	Twelve months fixed remuneration in the case of termination by the Company.
Mark Rankmore	Permanent – ongoing until notice has been given by either party.	400,000	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice required for termination by Company for cause.	Six months fixed remuneration in the case of termination by the Company.
Warrick Ranson	Permanent – ongoing until notice has been given by either party.	525,000	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice required for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company.
Former				
Luke Anderson	Permanent – ongoing until notice has been given by either party.	525,000	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice required for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company.
Robert Fulker	Permanent – ongoing until notice has been given by either party.	500,000	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice required for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company.

5.0 Executive KMP remuneration

Table 11 – Total rewards to executive KMP

		Salary, fees and allowances \$	Accrued annual leave ^(a) \$	Super- annuation ^(b) \$	Short term incentive \$	Other long term benefits ^(c) \$	Termination benefits ^(d) \$	Value of performance rights ^(e) \$	Total remuneration \$	Per cent of remuneration 'at-risk' %
Current										
Andrew Cole <i>Managing Director & CEO</i>	2017	739,976	(15,379)	10,024	626,250	16,744	–	135,731	1,513,346	50
	2016	730,384	36,503	19,616	671,250	9,817	–	154,440	1,622,010	51
Mark Rankmore <i>Head of People & Performance</i>	2017	386,832	(12,923)	13,168	211,200	7,143	–	66,357	671,777	41
	2016	380,542	21,299	18,645	211,200	3,746	–	75,202	710,634	40
Warrick Ranson <i>Chief Financial Officer^(f)</i>	2017	38,052	1,141	3,615	–	56	–	–	42,864	0
	2016	–	–	–	–	–	–	–	–	–
Former										
Luke Anderson <i>Chief Financial Officer^(g)</i>	2017	388,738	(26,547)	5,012	–	(4,862)	7,157	(128,510)	240,988	(53)
	2016	495,785	17,070	29,215	375,900	4,306	–	128,510	1,050,786	48
Robert Fulker <i>Chief Operating Officer^(h)</i>	2017	436,694	(22,131)	10,276	328,000	(5,899)	142,486	(122,390)	767,036	27
	2016	470,874	2,747	19,364	346,000	4,671	–	122,390	966,046	48

^(a) Annual leave has been separately categorised and is measured on an accrual basis and reflects the movement in the accrual over the twelve-month period. Any reduction in accrued annual leave reflects more leave taken/cashed out than that which accrued in the period.

^(b) Represents direct contributions to superannuation funds based on quarterly contribution limits under Super Guarantee Charge regulations (in 2016 contributions were based on annual contribution limits). Amounts greater than the maximum superannuation level have been paid and included in cash salary.

^(c) Represents the net accrual movement for long service leave (LSL) over the twelve-month period which will only be paid if executive KMP meets the required service conditions.

^(d) Termination benefits include the value of benefits such as payment for notice period and leave balances paid upon termination.

^(e) The fair values were calculated as at the grant dates. In accordance with the requirements of applicable accounting standards, remuneration includes a proportion of the notional value of equity rights compensation granted or outstanding during the year. The notional value of equity rights granted as compensation which do not vest during the reporting period is determined as at the grant date and progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may in fact receive. The values were calculated by an external third party based on a Monte Carlo simulation model.

^(f) Appointed 4 December 2017.

^(g) Resigned 29 September 2017. Benefits include the termination benefits.

^(h) Ceased to be KMP effective on 23 November 2017 and resigned 10 February 2018.

6.0 Non-executive director remuneration

6.1 Non-executive director remuneration policy

Non-executive director (NED) remuneration is reviewed annually by the Board. NEDs receive a fixed fee remuneration consisting of a base fee rate and additional fees for committee roles.

Consistent with best practice, NEDs do not receive any form of equity incentive entitlement, bonuses, options, other incentive payments or retirement benefits. As approved at the OZ Minerals General Meeting on 18 July 2008, the maximum fees payable per annum is \$2,700,000 in total. The Board decided not to increase the fees paid to non-executive directors in 2017 based on the Human Resources and Remuneration Committee's recommendation.

The Board intends to review the Board and Committee fees as part of its review of the Board and committee structure during 2018.

Table 12 – Details of NED remuneration

Fees	Chairman \$ per annum	Member \$ per annum
Board	313,285	120,314
Audit	43,056	21,528
Sustainability	21,528	10,764
Human Resources and Remuneration	21,528	10,764

All Directors (including the Chairman) are entitled to superannuation contributions (or cash in lieu thereof) equal to 9.5 per cent calculated on base Board and Committee fees, and are entitled to be reimbursed for travel and other expenses properly incurred by them in attending any meeting or otherwise in connection with the business or affairs of the Company, in accordance with the Company's constitution. The Chairman of the Board does not receive additional fees for being a member of any Board committee.

6.2 Total fees paid to NEDs

In 2017, NEDs received \$1,141,368 (2016: \$1,059,764) in total fees, compared to the maximum approved fees payable of \$2,700,000.

Table 13 – Total remuneration paid to NEDs

		Board fees and cash benefits	Committee fees	Non-monetary benefits	Superannuation ^(a)	Total remuneration
		\$	\$	\$	\$	\$
Current						
Rebecca McGrath	2017	241,654	17,160 ^(e)	–	18,808	277,622
<i>Chairman</i>	2016	120,314	43,056	–	15,520	178,890
Julie Beeby	2017	120,314	28,002	–	14,090	162,406
<i>Non-executive Director</i>	2016	80,209	14,352	–	8,983	103,544
Tonianne Dwyer ^(b)	2017	93,723	31,629	–	11,908	137,260
<i>Non-executive Director</i>						
Charles Lenegan	2017	120,314	53,820	–	16,543	190,677
<i>Non-executive Director</i>	2016	120,314	53,820	–	16,543	190,677
Peter Tomsett ^(b)	2017	93,723	23,244	–	11,112	128,079
<i>Non-executive Director</i>						
Peter Wasow ^(c)	2017	20,052	5,382	–	2,416	27,850
<i>Non-executive Director</i>						
Former						
Neil Hamilton ^(d)	2017	138,145	–	–	4,791	142,936
<i>Chairman</i>	2016	323,796	–	–	19,251	343,047
Paul Dowd ^(d)	2017	50,131	17,940	–	6,467	74,538
<i>Non-executive Director</i>	2016	120,314	43,056	–	15,520	178,890

^(a) Represents direct contributions to superannuation funds based on quarterly contribution limits under Super Guarantee Charge regulations (in 2016 contributions were based on annual contribution limits). Amounts greater than the maximum superannuation level have been paid and included in cash salary.

^(b) Appointed a Non-executive Director on 22 March 2017.

^(c) Appointed a Non-executive Director on 1 November 2017.

^(d) Ceased to be a Non-executive Director on 24 May 2017.

^(e) Committee fee were paid during the period not as Chairman.

7.0 Equity instrument disclosure relating to KMP

The movement in the number of shares held by each KMP during the year is set out below.

Table 14 – KMP shareholdings

	Balance at 1 January 2017 (or date commenced as KMP)	Shares granted as remuneration	Shares acquired on exercise of rights	Net other movements	Balance at 31 December 2017 (or date ceased to be KMP) ^(a)
	\$	\$	\$	\$	\$
Non-executive directors					
Current					
Rebecca McGrath	20,645	–	–	12,390	33,035
Julie Beeby	8,000	–	–	6,000	14,000
Tonianne Dwyer ^(b)	–	–	–	10,000	10,000
Charles Lenegan	20,750	–	–	–	20,750
Peter Tomsett ^(b)	–	–	–	–	–
Peter Wasow ^(c)	–	–	–	–	–
Former					
Neil Hamilton ^(d)	39,500	–	–	–	39,500
Paul Dowd ^(d)	10,800	–	–	–	10,800
Executive KMP					
Current					
Andrew Cole	10,000	–	–	–	10,000
Mark Rankmore	–	–	–	–	–
Warrick Ranson ^(e)	–	–	–	–	–
Former					
Luke Anderson ^(f)	–	–	–	–	–
Robert Fulker ^(g)	–	–	–	–	–
Total	109,695	–	–	28,390	138,085

^(a) The following number of shares (included in the holdings above) were held on behalf of KMP (i.e. indirectly beneficially held shares) as at 31 December 2017.

^(b) Appointed Non-executive Director 22 March 2017.

^(c) Appointed Non-executive Director 1 November 2017.

^(d) Ceased to be a Non-executive Director 24 May 2017.

^(e) Appointed 4 December 2017.

^(f) Resigned 29 September 2017.

^(g) Ceased to be KMP on 23 November 2017 and Resigned 10 February 2018.

Table 15 – KMP performance rights holdings

	Balance at 1 January 2017	Granted as remuneration	Value of rights granted ^(a)	Vested ^(b)	Exercised	Value of rights vested/ exercised	Lapsed	Net other movements	Balance at 31 December 2017
			\$			\$			
Current									
Andrew Cole	355,567	135,446	581,444	–	–	–	–	–	491,013
Mark Rankmore	109,761	33,711	209,053	–	–	–	–	–	143,472
Warrick Ranson ^(c)	–	–	–	–	–	–	–	–	–
Former									
Luke Anderson ^(d)	150,451	56,887	352,775	–	–	–	207,338	–	–
Robert Fulker ^(e)	120,734	54,179	335,982	–	–	–	174,913	–	–
Total	736,513	280,223	1,479,254	–	–	–	382,251	–	634,485

^(a) The fair value of the performance rights granted to Mr Cole on 24 May 2017 was calculated on the grant date as \$4.29 (the fair value has been calculated by an independent advisor based on a Monte Carlo simulation model). The fair value of the performance rights granted to other KMP on 27 January 2017 was calculated on the grant date as \$6.20 (the fair value has been calculated by an independent advisor based on a Monte Carlo simulation model). No price is payable on acquisition of these rights, and there is no exercise price. Subject to the achievement of relevant performance conditions, these rights would be expected to vest on 31 December 2019.

^(b) The number of vested performance rights at 31 December 2017 that were not exercisable was nil (2016: nil).

^(c) Appointed 4 December 2017.

^(d) Resigned 29 September 2017.

^(e) Ceased to be KMP on 23 November 2017 and Resigned 10 February 2018.

8.0 Other transactions with executive KMP or NEDs

There were no loans made to executive KMP, NEDs or their related parties during the year. There were no other transactions between the Company and any executive KMP, NED or their related parties other than those within the normal employee, customer or supplier relationship on terms no more favourable than arm's length.



Sustainability Report



Format and scope

This is our second year of publishing a combined annual and sustainability report to support our approach to creating value in a financially, environmentally and socially responsible manner for our shareholders and other stakeholders. You'll find examples of sustainability in practice embedded throughout the report to reflect how sustainability is integrated into our operations.

We disclose sustainability data in accordance with selected Global Reporting Initiative (GRI) Standards (version G4), a comprehensive set of guidelines that cover all dimensions of sustainability. We also reference supporting documents which form part of our sustainability disclosure. These documents are publicly available on our website to make specific information more accessible.

We use a materiality assessment to determine key topics that matter most to our stakeholders and us. The sustainability section of this report focuses on these topics. The material topics have not changed substantially from last year.

We prioritise sustainability topics based on the significance of economic and social impact and the relevance to our stakeholders and the decisions they make. Material topics identified as having a high priority for both the business and stakeholders are discussed in this report. Other topics are mentioned in the report and on the Company website.

We identified material topics in compliance with the GRI guidance on materiality and completeness, and with reference to a range of internal and external considerations and priorities. The process included extensive document review, surveys, and dialogue with internal and external stakeholders.

We report on all aspects of OZ Minerals' operations and our operating subsidiaries, including joint ventures where we have operational control, for the 2017 calendar year (unless otherwise stated).

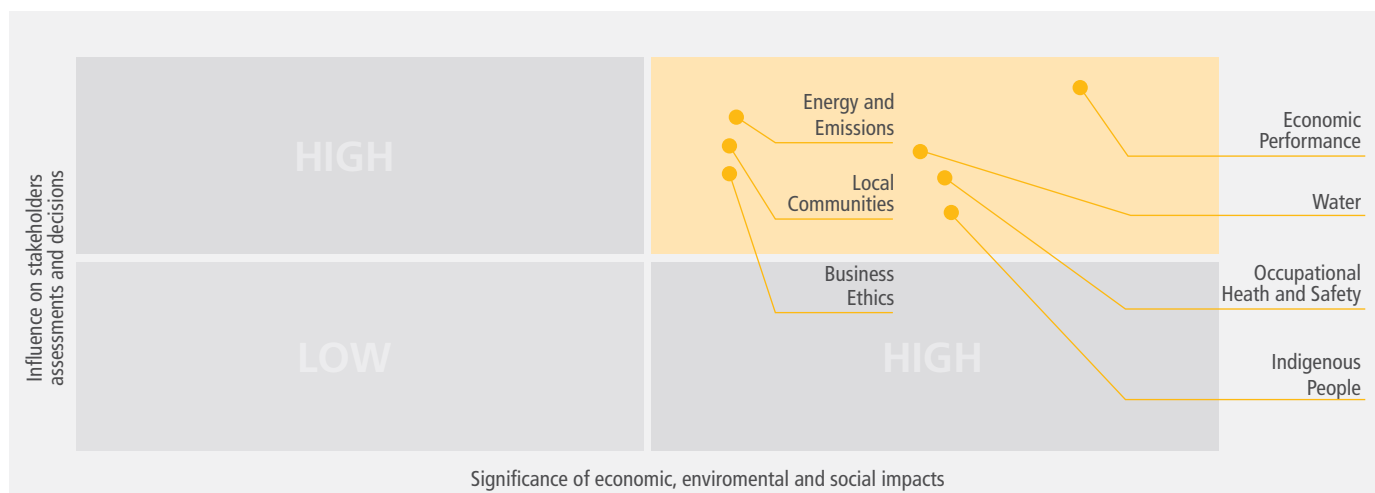
OZ Minerals' sustainability performance is recognised

OZ Minerals was selected as member of the Dow Jones Sustainability Indices (DJSI) in 2017. This recognises our corporate sustainability leadership within our industry. Since RobecoSAM launched the globally renowned DJSI series in 1999, it has driven innovation in environmental, social and corporate governance (ESG) investment.

FTSE Russell confirms that OZ Minerals Ltd has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



Materiality Matrix



Environment

SUPPORTING DOCUMENTS

Sustainability governance:
Sustainability Committee charter,
Community and Environment Policy
ozminerals.com/about/corporate-governance

Management approach:
Governance framework, p. 17
Environmental Performance Standards
ozminerals.com/sustainability/environment

Sustainability framework:
GRI content index
ozminerals.com/media/reports/sustainability

Performance data:
Environmental data tables, pp. 74–77



Energy use and greenhouse gas emissions

The majority of OZ Minerals' energy use occurs at the Prominent Hill mine. The two main areas of energy consumption are the processing plant (electricity) and mining vehicles (diesel fuel). Prominent Hill's mining activities are transitioning as the open pit approaches the end of its life. As mining transitions underground there will be less waste, fewer trucks operating and less diesel consumption.

We have reported energy use and greenhouse gas emissions in line with National Greenhouse and Energy Reporting Scheme (NGERS):

- / Overall Scope 1 emissions decreased by 26 per cent compared to the previous year

- / Diesel use is Prominent Hill's primary source of Scope 1 greenhouse gas emissions

- / 300,000 tonnes of Scope 1 and Scope 2 carbon dioxide equivalent emissions were generated in total, a 15 per cent reduction compared to the previous year.

OZ Minerals is committed to reducing the energy intensity of our operations; developing innovative practices in relation to chemical processing; and being more efficient in our transportation and processing activities. A statement on OZ Minerals' climate change risks is provided on page 35.



Management approach:

OZ Minerals Emissions and Resource Efficiency Performance Standard
ozminerals.com/sustainability/environment

Annual reporting obligation:

National Greenhouse and Energy Reporting Scheme (NGERS)

Performance data:

Energy and greenhouse gas data table, p. 74

Air quality

Dust is the main air emission relevant to our assets. It is generated by stockpiling and moving materials with vehicles that are driven on unsealed surfaces. We use a range of control measures to reduce the amount of dust we generate, including regular road maintenance and speed restrictions. We have verified that air quality management has effectively prevented adverse impacts on workers, the community and the environment,

through comprehensive sampling at Prominent Hill and Carrapateena. There are no ozone-depleting substances, persistent organic pollutants or stack emissions produced at Prominent Hill and Carrapateena. Air quality is also affected by sulphur and nitrogen oxides that are generated by burning fuels. During blasting, gases like carbon monoxide and oxides of nitrogen are generated.



Management approach:

OZ Minerals Air Emissions Performance Standard
ozminerals.com/sustainability/environment

Annual reporting obligation:

National Pollutant Inventory (NPI)

Performance data:

Air quality data table, p. 74

Water

Prominent Hill and Carrapateena are situated in areas with an average annual rainfall of less than 200 millimetres per year and they depend on groundwater to sustain operations. Our wellfields are located on nearby pastoral stations and, in the majority of cases, the pastoralists draw water from a shallower or discrete aquifer. Our water monitoring program monitors water levels and quality in previously-agreed pastoral

wells on neighbouring stations. We closely monitor the surrounding groundwater sources and report these results to the relevant stakeholders. To ensure our control measures are effective, we conduct ongoing surface water monitoring to detect any potential changes in downstream surface water quality from baseline values, including acidity, salinity and water level.



Management approach:

OZ Minerals Water Performance Standard, OZ Minerals Tailings Performance Standard, OZ Minerals Waste and Waste Water Performance Standard
ozminerals.com/sustainability/environment

Performance data:

Water data table, p. 74

Waste

Waste is managed on site at the integrated waste rock and tailings storage facility at Prominent Hill. Over the reporting period, Prominent Hill produced six million tonnes of waste rock and eight million tonnes of tailings. No potential acid-forming (PAF) material was mined. Most of the waste rock generated is placed in the rock dumps, with a proportion of non-acid forming (NAF) rock used to construct mine infrastructure, such as the tailings storage facility and roads.

When PAF rock is encountered, it is encapsulated in designated PAF cells within the waste landform. These PAF cells are then encapsulated within NAF rock to prevent surface water runoff using physical control measures to prevent impact to the environment.

Our tailings performance standard sets out our approach to manage waste within the Tailings Storage Facility (TSF). These standards are written to ensure the TSF is designed, constructed and managed to achieve the following outcomes: prevent seepage rates to groundwater, ensure that the tailings are both physically and chemically stable, be protective of terrestrial and avian life, and comply with regulatory and licence requirements. The facility is run under a TSF Operations Management Plan which has been developed to comply with these standards.

As part of our tailings management, we conduct water sampling to monitor parameters including depth to water, salinity, pH, and metals at and surrounding the tailings storage facility and open pit.



Management approach:

Waste and Wastewater Performance Standard, Waste Rock and Ore Performance Standard and Tailings Performance Standard
ozminerals.com/sustainability/environment

Performance data:

Waste data table, p. 74

Land and biodiversity

Prominent Hill has formal management and monitoring plans for two bird species, the chestnut-breasted whiteface and the thick-billed grasswren (eastern subspecies). Both of these species are on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species. OZ Minerals has established a Significant Environmental Benefit (SEB) offset area to protect and enhance the birds' habitat.

At Carrapateena, three IUCN species are listed within the area – two vulnerable species (the Malleefowl and plains rat) and one endangered species (Pernatty knob-tailed gecko). The plains rat is the only species within the local area of proposed operations. Our monitoring continues to indicate that mining activities will have minimal impact on the surrounding natural environment.



Management approach:

Land and Biodiversity Performance Standard
ozminerals.com/sustainability/environment

Performance data:

Land and Biodiversity table, p. 75



Rehabilitation and closure

OZ Minerals' operations have conceptual mine closure plans and several documents and programs detailing closure, including the Supporting Works Plan and the Program for Environment Protection and Rehabilitation. The Supporting Works Plan is reviewed annually to ensure closure assumptions are in line with current operational activities. The documents include rehabilitation and closure completion criteria to achieve post-mining designated land use and to minimise environmental liability. A mine's closure plan is updated throughout its operational life so that the risks and unknowns are identified and reduced over time. We provide for the estimated costs of rehabilitating, decommissioning and restoring the areas disturbed during the mine's operation.

Progressive rehabilitation has been taking place at Prominent Hill. With the imminent closure of the open pit, rock armouring of the north dump was completed during the year and rock armouring of the south dump was 97 per cent complete at year's end.

Stakeholder engagement on mine closure occurs throughout a mine's life. The potential social and environmental impacts of mine closure are considered in our conversations with governments and local communities. We keenly support community initiatives and sustainable local businesses as a part of our community engagement program.



Management approach:
Rehabilitation and Closure Performance Standard
ozminerals.com/sustainability/environment

SUSTAINABILITY IN PRACTICE



Energy efficiency program at Prominent Hill

OZ Minerals conducted an energy efficiency audit at Prominent Hill with support from the South Australian Government Energy Productivity Program. Two energy productivity opportunities were identified as immediate opportunities and will form part of our energy program in 2018. The initiatives will improve the energy efficiency of our mining operation and reduce greenhouse gas emissions.

We are committed to developing and shaping a modern energy landscape for all our mining operations. A company-wide power strategy is being developed and will be released in Q1 2018.

A close-up, profile shot of a woman with dark hair tied back, wearing an orange button-down shirt and sunglasses perched on her head. She is looking out over a body of water under a warm, golden light. The background is blurred, showing a distant shoreline and a boat.

Social

SUPPORTING DOCUMENTS

Sustainability governance:

Sustainability Committee charter,
Community and Environment Policy,
Ethics and Human Rights Policy
ozminerals.com/about/corporate-governance

Management approach:

Governance framework, p. 17

Social Performance Standards
ozminerals.com/sustainability/social

Sustainability framework:

GRI content index
ozminerals.com/media/reports/sustainability

Performance data:

Social performance data tables, p. 75
Stakeholder engagement table, p. 76

Stakeholder engagement

We seek to build and maintain strong, supportive relationships with the local communities where we operate. Our assets have community engagement programs that include engagement with regulatory bodies, government agencies, communities, land owners, traditional owners and local pastoralists within the sphere of influence of the operational and project activities. These programs ensure input from the local community and government and provide the opportunity for us to understand the environmental, social and economic implications of our projects.

We also engage with key community groups and stakeholders who may potentially be affected by the asset's activities to better understand the risks and social impacts. We provide accurate and relevant information in a timely manner, and anticipate and proactively address community and stakeholder issues and concerns when consulting with them.

Mechanisms are in place to capture complaints and grievances and ensure they are promptly addressed. Our assets also monitor and review major communications and consultation activities to assess their effectiveness and promote employee and external stakeholder feedback.



Management approach:
Stakeholder Engagement Performance Standard
ozminerals.com/sustainability/social

Performance data:
Stakeholder engagement table, p. 76

Socioeconomic contributions

We make significant contributions to local, regional and national economies directly through the payment of taxes and royalties to governments, as well as payments to our workforce and suppliers. In 2017 we:

- / paid more than \$56.0 million in wages and benefits
- / spent \$736 million on goods and services
- / contributed approximately \$52.9 million in royalties.

Activities at Prominent Hill and Carrapateena significantly contributed to local and regional economies in South Australia, by \$161 million in total. Operationally, significant value is generated through employment with our contracting partners and ourselves, and investments in community development initiatives and programs. The direct benefits of our investments include improved infrastructure, health, safety awareness, education and training, and local business development.



Performance data:
Socioeconomic data table, p. 75

Community investment and sponsorship

We have contributed to a broad range of local and regional programs. In addition to funding, our employees and contract partners provided in-kind assistance through the donation of time, expertise and resources for community events and initiatives.

We supported locally organised initiatives that provide long-term benefits to our host communities and are aligned with the community's wishes. Our sponsorships and community investment initiatives strive to support organisations or projects to achieve sustainable outcomes.

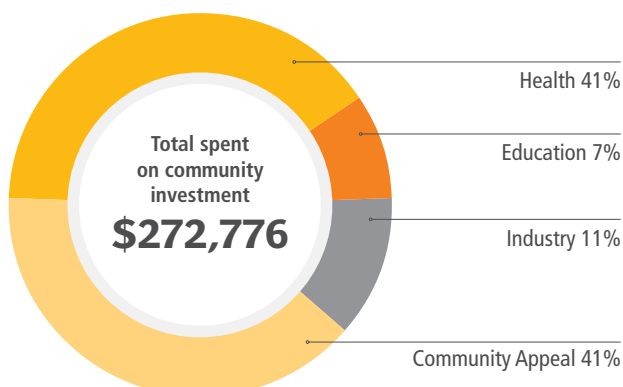
We contributed \$0.27 million to sponsorship of local organisations and programs in 2017, including the Royal Flying Doctor Service (see also Sustainability in practice on page 70), SA School of the Air, Coober Pedy Area School and the Umoona Tjutagku Health Service. We have assisted the sustainability of our smaller host communities by sponsoring key local events in communities including Coober Pedy, Carrieton, Glendambo, William Creek, Oodnadatta and Marree.



Sponsorship:
OZ Minerals sponsorship guidelines
ozminerals.com/sustainability

Performance data:
Community investment data table, p. 75

Community investment



Tax transparency

The Board of Taxation's voluntary Tax Transparency Code (TTC) was endorsed by the Australian Government in 2016 and is designed to encourage greater transparency within the corporate sector of its compliance with Australian tax laws. We support the initiative to ensure Australian businesses and subsidiaries of multinational companies operating in Australia pay tax on their profits, as required under Australian tax legislation.

In support of the TTC and ahead of formal registration in 2018, we have elected to adopt these quantitative information disclosures for the year ended 31 December 2017, as summarised in the performance data tables.



External documents:

Board of Taxation's Tax Transparency Code (TTC)
taxboard.gov.au

Performance data:

Tax data table, p. 77

Local procurement

We seek to create sustainable benefits for the regions around our assets and source local employees and suppliers where possible. We preferentially purchase goods and services locally, within the region or within the state. National or international procurement is only considered when local procurement is not available or not competitive. We also help local businesses to understand our pre-qualification processes and procurement standards. Local and Aboriginal and Torres Strait Islander peoples are encouraged to apply for positions and tender for business opportunities with our assets.

In 2017, OZ Minerals' spent \$161 million with South Australian regional and local suppliers and contractors. These figures do not include wages and salaries paid to major contractors or expenditure by contractors in the local region.

Our greatest supply impact is through contracting mining and other services. The largest material inputs include diesel fuel, explosives, grinding media used in the processing plant, and cement used in the underground mine. These materials are sourced from large, reputable organisations with operations in Australia.

At the Carrapateena project, where construction is currently ramping up, we have employed a community relations team to engage with local businesses and communities and encourage local participation. We are also collaborating with the local business organisation to drive local content activities and facilitate connecting local businesses to the Carrapateena project supply chain.



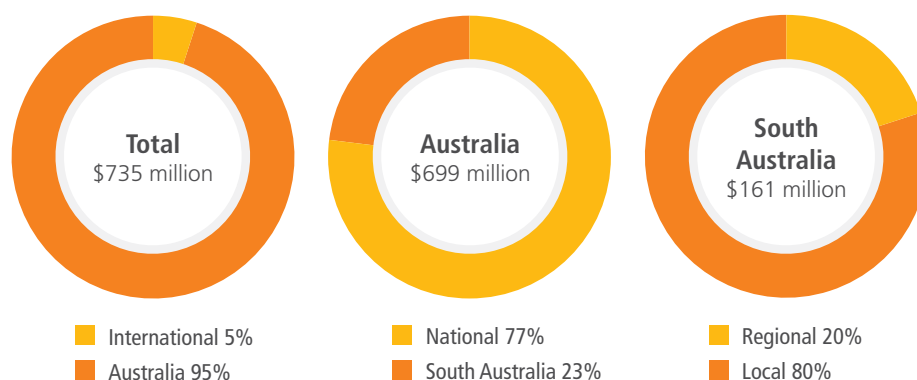
Management approach:

Local Enterprise Performance Standard
ozminerals.com/about/corporate-governance

Performance data:

Procurement data table, p. 75

Total spend on suppliers by region



Indigenous peoples and cultural heritage

A genuine partnership with land-connected Aboriginal and Torres Strait Islander peoples is built on trust, respect and integrity. It allows us to build a common understanding and language, identify opportunities, learn from each other and work towards shared goals. A comprehensive understanding of the culture and social structure of host communities is required to ensure respectful, inclusive and effective engagement. Each asset has dedicated personnel to ensure regular liaison with Indigenous communities. The requirements regarding engagement with Indigenous communities are set out in the Land-Connected Indigenous Peoples Performance Standard. In line with the standard, each asset must operate in accordance with the principles of the UN Declaration of the Rights of Indigenous Peoples (UNDRIP). Our partnering approach with Indigenous peoples is based on principles of equality, transparency and mutual benefit. It respects and protects the rights of Indigenous peoples and is in line with the values of 'Free prior and informed consent'.

We provide cultural heritage and awareness training and information on how to avoid damage to cultural heritage, along with project obligations and requirements. Cross-cultural awareness training programs are offered to employees and selected contractor representatives at Prominent Hill, with a new training program under development specifically for Carrapateena operations. The training includes raising awareness on heritage and artefact finds and working in areas of cultural significance.

Prominent Hill continues to actively engage with the Antakirinja Matu – Yankunytjatjara traditional owners to collaborate on matters of shared ownership and shared value, such as cultural heritage management and cultural awareness training for OZ Minerals employees and contractors. We also support training programs, identify employment opportunities and identify business development programs.



Management approach:

The Land-connected Indigenous Peoples Performance Standard, and the Cultural Heritage Performance Standard
ozminerals.com/about/corporate-governance

Ethics and human rights

Our internal governance is guided by international guidelines, such as the UN Guiding Principles on Business and Human Rights, United Nations Universal Declaration on Human Rights, Voluntary Principles on Security and Human Rights, International Labour Organisations Conventions and the International Council on Mining and Metals principles. We further reinforce our expectations of employees through our Code of Conduct. We have a variety of programs to promote a culture of compliance and ethical business. Asset induction

training raises awareness of human rights responsibilities with senior management, employees, contractors (particularly security forces and human resources), and other stakeholders in the asset's sphere of influence. From time to time, we also provide our employees with training on topics covered within the human rights standards. Maintaining and improving our systems and processes helps to ensure there are no human rights violations in our operations or in our supply chain.



Management approach:

Ethics and Human Rights Policy, The Human Rights Performance Standard, Code of Conduct
ozminerals.com/about/corporate-governance

SUSTAINABILITY IN PRACTICE



Keeping the future good for all of us

The relationship between OZ Minerals and the traditional owners of the land where we operate is critical to the long-term success of our operations. The Kokatha people are the traditional owners of a large section of the land in South Australia's north, including land on which the Carrapateena project is located. OZ Minerals and the Kokatha Aboriginal Corporation developed a Partnering Agreement which provided the basis for a Native Title Mining Agreement for the Carrapateena project. This informs and underpins the relationship and determines the nature, parameters and values of the partnership over the mine's life and beyond. The partnering approach adopted by OZ Minerals and the Kokatha Aboriginal Corporation is based on principles of equity, transparency and mutual benefit.

"This approach makes us partners, working together to co-design solutions. While this process is more challenging to undertake than transactional partnering, it offers far greater strategic value. Our partnering agreement NGANAMPA PALYANKU KANYINTJAKU translated, means keeping the future good for all of us in Kokatha. This encapsulates the outcome of the process and the feelings of my community." Chris Larkin, Chairman, Kokatha Aboriginal Corporation

Safety

A strong safety culture and employing proactive initiatives remains our emphasis.

SUPPORTING DOCUMENTS

Management approach:

Health and Safety Policy
ozminerals.com/about/corporate-governance

Safety performance standards:

Isolation, Fixed and mobile equipment, Electrical safety, Fall prevention, Confined spaces, Ground control, Explosives, Fire prevention, Aviation, Inundation
ozminerals.com/sustainability/safety

Sustainability framework:

GRI content index
ozminerals.com/media/reports/sustainability

Performance data:

Safety data table, p. 77



Safety culture and leadership

We understand that mining activities may involve additional hazards which can impact people's safety. We're committed to identifying, evaluating and managing all of the associated threats for the actual and potential adverse impacts of mining activities as far as reasonably practicable.

Our target is to achieve an injury and occupational disease-free workplace, by ensuring hazards are identified and managed at the source. All safety incidents are thoroughly investigated, we share what we've learned and we implement corrective action. Safety data is collected for the entire workforce, including employees, contractors and visitors working on our sites, and it is reported to management, including to the Managing Director and Chief Executive Officer. We also conduct yearly internal audits against select company processes and standards.

Active engagement from our senior leadership, combined with activities focused on identifying and eliminating causes of incidents. However, Carrapateena experienced an increase in recordable injuries during ramp-up of work in 2017. Significant incidents and incident trends are comprehensively reviewed by the Board's Sustainability Committee, to ensure we learn from incidents, we comply with our approved processes, and we implement additional controls where necessary.

Safety statistics are calculated per one million working hours. In 2017, the total recordable injury frequency rate (TRIFR) per million hours worked decreased from 6.80 in 2016 to 6.39.

Our lead indicators are monitored to reduce workplace hazards and injuries. Incidents with potential or actual consequences are internally rated and assessed for their impact on safety, health, environment, community and financial metrics. This classification helps us to identify significant incidents that warrant an in-depth review and analysis. Significant incidents are those deemed to have:

- / potential or actual consequences rated at level four or above
- / actual consequences rated at level four or above for injury and illness incidents and at level three and above for all other incident types.

Potential and actual significant safety incidents are thoroughly investigated using the incident-cause-analysis method. In 2018, we will continue our focus on health and safety communications, with visible leadership, accountability and continuous reinforcement from all levels of management. This will help to drive a strong safety culture.

In 2018, we will continue our focus on health and safety communications, with visible leadership, accountability and continuous reinforcement from all levels of management. This will help to drive a strong safety culture.

Safety programs

Effective safety management means we:

- / provide a safe working environment with supportive processes and systems
- / empower our workforce to raise safety issues before there is potential for an incident
- / thoroughly investigate incidents when they occur
- / implement controls to prevent the likelihood of reoccurrence using sound risk management practices.

We have a number of initiatives in place to mature our safety culture. Our focus is on developing strong leaders and promoting safety leadership across our business and with our contracting partners. All of our employees and the employees of our contract partners are empowered to cease operations if necessary to ensure the safety of the workforce.

We are committed to preventing work-related accidents, injuries and illnesses. Our key safety programs include a Critical Risk Program and Byrnecut's Under Ground Safety Improvement Program.



Management approach:
Fitness for Work Performance Standard,
Medical Programs Performance Standard
ozminerals.com/sustainability

Contractor management

Our projects are delivered in partnership with contractors and suppliers, and we rely in part on their capabilities to carry out our operations. Our management system defines the requirements and practices for working with contractors and suppliers. Major contractors sign agreements with requirements consistent with our Code of Conduct, policies and standards. They must share our values and exhibit behaviour that ensures the safety of the workforce.

Contractors are subject to a pre-qualification process and are comprehensively evaluated against criteria including safety, health, environment and community aspects as well as risk management, internal auditing processes and employee management.

Minimum performance criteria (safety and environment) and performance criteria (including operating performance and site management) are developed and applied to our contracts.

Major contractors must share our values and exhibit behaviour that ensures the safety of the workforce.

Training and emergency preparedness

We offer a wide range of development opportunities including formal programs, technical and compliance training, online learning and mentoring. This year, our workforce undertook 11,363 hours of employee training, mostly at Prominent Hill where the greatest number of our employees are based.

Our crisis management procedures detail the roles, responsibilities and processes our corporate crisis management team would follow in the event of a crisis. The team

includes representatives from operations, legal, commercial, safety, environment, community, media and government relations. We define a crisis as an event that seriously threatens people, operations, assets, the environment or our long-term prospects and reputation. Our assets have specific crisis management plans that outline the response to be initiated in the event of a crisis. We hold regular crisis training events and simulation exercises involving both the mine and the corporate crisis management teams.

SUSTAINABILITY IN PRACTICE



Royal Flying Doctor Service

OZ Minerals is proud to be an ongoing financial supporter of the Royal Flying Doctor Service (RFDS). The RFDS is an invaluable support in times of need as our assets and exploration projects are located in remote and regional locations with limited infrastructure and access. In 2016–17, the RFDS central operations conducted over 320 aeromedical retrievals for emergency evacuations and primary health care in the communities surrounding Prominent Hill. The RFDS has been saving lives in outback Australia for 90 years, retrieving the critically ill or injured and providing urgent transfers of patients between regional and metropolitan hospitals to higher levels of care.

Health and wellbeing

Strong workplace culture contributes to employee health and wellbeing.



SUPPORTING DOCUMENTS

Management approach:

Health and Safety Policy
ozminerals.com/about/corporate-governance

Health and wellbeing standards:

Medical programs, Occupational exposure control, Fitness for work, Lone workers and remote travel, Hazardous materials
ozminerals.com/sustainability

Sustainability framework:

GRI content index
ozminerals.com/media/reports/sustainability

People and performance

In 2017, we changed the name of our human resources department to People and Performance. This better reflects our focus on innovation and recognises that our people drive performance, which is central to OZ Minerals' success.

"This is part of being a modern mining company. This change to People and Performance reinforces our strategy and How We Work Together principles. By demonstrating these principles, we enable growth, innovation and collaboration."

Mark Rankmore, OZ Minerals' Head of People and Performance.

Health and wellbeing programs

We have implemented a series of programs that promote, maintain and enhance a healthy lifestyle, in view of the impact of physical, mental, emotional and social health on overall employee wellbeing. Our fitness-for-work program includes a wide range of activities and education in fatigue management, employee assistance programs, role-based assessments, ergonomic assessments, fitness, and drug and alcohol programs. We intend to provide employees with the necessary education and information to self-manage their own fitness-for-work. All our workplaces have a zero alcohol and drug policy.

Mental health is an important health risk that continues to be a concern across the mining industry. We offer an employee assistance program (EAP) with free, professional and confidential counselling to all employees, contractors, and their immediate family members. The EAP is provided through a leading global health and wellness company and helps to address work or personal issues through a network of accredited counsellors.

We offer an array of benefits to our employees including performance-based incentive plans, career development opportunities, paid parental leave and health and wellbeing services, such as health insurance, medical check-ups and health education programs.



Management approach:

Fitness for Work Performance Standard,
Medical Programs Performance Standard
ozminerals.com/sustainability/healthandwellbeing

Ethical conduct training

Our mandatory online training courses reinforce our Code of Conduct and the information in our policies. We provide training and education on key legal and ethical risk areas. Our employees enrol in online learning courses that include our equal employment opportunity program and ethics and conduct program, as well as an anti-harassment and bullying program. Each program includes awareness training based on site-specific needs.

Employment

Our open pit mining contractor is gradually demobilising as Prominent Hill transitions to an underground-only operation in 2018. This transition will have an impact on the number of people working at the mine and we are supporting the affected personnel with redeployment opportunities, redundancy packages and outplacement services. The greatest impact will be on the open pit mining contracting company and its employees.



Performance data:

Employment data table, p. 77

Diversity and inclusion

Women comprise 20 per cent of the workforce directly employed by OZ Minerals. Some individual contributors and functional leadership areas have more than 23 per cent female representation.

We offer competitive remuneration for our employees that reflects the job type, years of experience, and the length of time employees have held their position. We review earnings annually by gender and job band level to make sure that employee remuneration remains equitable and in line with market trends.

All employees are entitled to parental leave. In 2017, four women took parental leave and three returned to work after their parental leave had ended. A retention rate of 85 per cent was maintained after 12 months.

Twenty five per cent of our total workforce is covered by collective bargaining agreements.

We value diversity in our workforce as it helps us innovate and do things differently. We believe diversity and inclusion provides us with a strategic advantage that stems from applying a variety of capabilities, ideas and insights into problem solving and decision making.



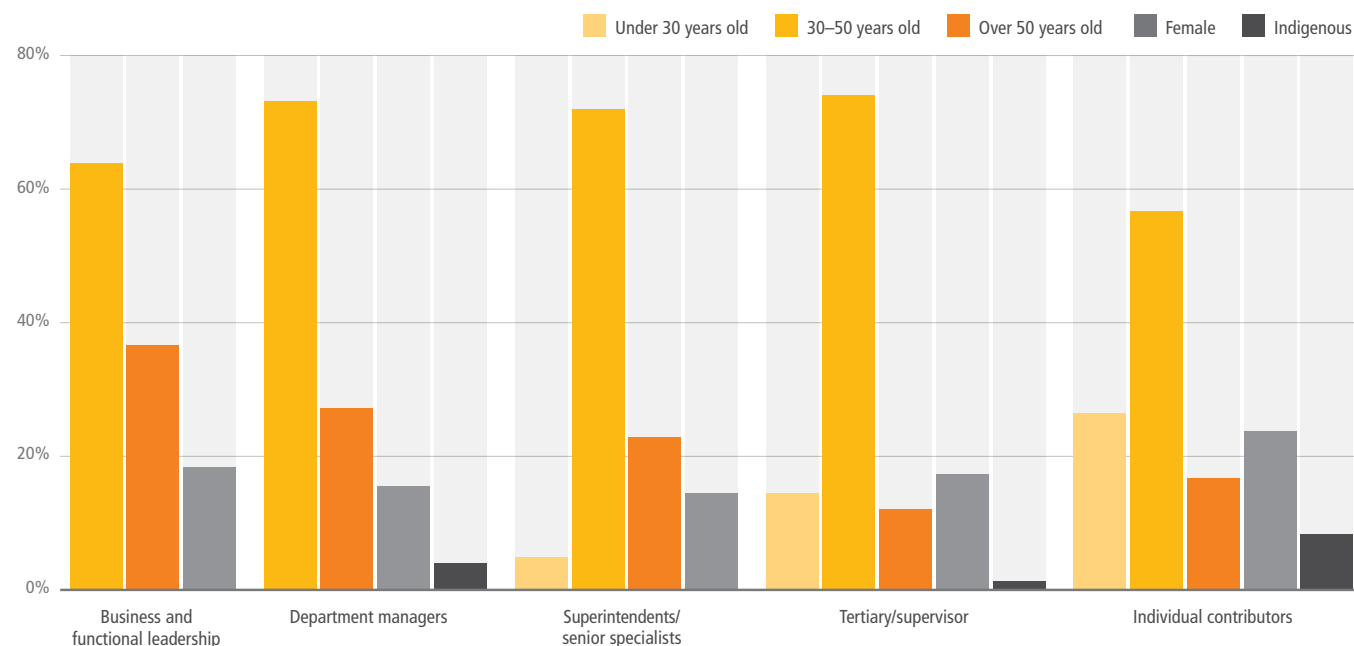
Management approach:

Diversity and Inclusion Policy
ozminerals.com/about/corporate-governance

Performance data:

Diversity data table, p. 77

Employee diversity at OZ Minerals



SUSTAINABILITY IN PRACTICE



The University of Adelaide Ingenuity 2017 expo

OZ Minerals seeks to think and do things differently. We take an approach that encourages innovation, embraces disruption and seeks to make innovation a habit that results in value-creating outcomes. We partnered with the University of Adelaide on the Ingenuity 2017 Expo and were able to support the development of future STEM leaders and showcase upcoming technology and solutions within computer science, engineering and mathematics. The Mining Engineering Group Ingenuity Presentation Prize, which is supported by OZ Minerals, was awarded to the project: Modelling diffusion in a sub-level caving operation in Carrapateena Mine.

Sustainability performance data

Environment

Energy

Energy consumption (GJ)	Energy consumed	Energy produced	Energy consumed (net)
Prominent Hill	2,680,535	1,865	2,678,670
Carrapateena	62,820	8,302	54,518
Group Office	1,013	0	1,013
Total	2,744,368	10,167	2,734,201

Note: OZ Minerals did not sell energy in 2017.

Emissions

Total direct and indirect emissions	2016–2017	2015–2016	2014–2015
Greenhouse gas emissions Scope 1 (t CO ₂ -e) ^(a)	105,648	142,669	180,290
Greenhouse gas emissions Scope 2 (t CO ₂ -e) ^(b)	177,306	190,825	199,209
Total of Scope 1 and Scope 2 (t CO ₂ -e)	282,954	333,494	379,499
Methane CH ₄ (t CO ₂ -e)	146	198	267
Nitrous oxide N ₂ O (t CO ₂ -e)	342	446	567
Sulphur hexafluoride SF ₆ (t CO ₂ -e)	11	11	11
Oxides of nitrogen (t)	342	994	1,242
Sulphur dioxide (t)	1.30	0.85	1.11
Total volatile organic compounds (VOC) (t)	108	52	86
Particulate matter <10 um (t)	3,310	4,488	5,899

Note: The reporting period is July 2016 to June 2017. The energy and emissions boundary is based on operational control as defined by the National Greenhouse and Energy Reporting (NGER) Act 2007. The applied global warming potential (GWP) rates and emission factors are based on the NGER Act (2007) and the National Pollutant Inventory.

^(a) Scope 1 refers to emissions produced directly by operations, primarily resulting from combustion of various fuels and includes CO₂-equivalent values for greenhouse gases such as CH₄, N₂O and SF₆.

^(b) Scope 2 refers to indirect emissions resulting from the import of electricity from external parties; commonly the electricity grid.

Water withdrawal

Water withdrawal Surface (ML) water	Surface water	Groundwater (mine dewatering)	Groundwater (wellfield)	Rainwater/stormwater	Municipal water supply	Total recycled	% Total recycled
Prominent Hill	0	514	5,312	0	0	843	14%
Carrapateena	0	9	102	–	271	14	12%
Total	0	523.3	5,414	0	271	857	14%

Water discharge

Water discharge (ML)	Subsurface	Surface	Sewers	Land (dust suppression)	Land	Treatment facilities	Groundwater
Prominent Hill	0	0	0	415	0	843	0
Carrapateena	0	0	0	59	6	0	10
Total	0	0	0	474	6	843	10

Waste

Mineral waste	Overburden (t)	Material moved (t)	Total ore mined (t)	Liquid fossil fuels (kL)	Lubricants (kL)	Explosives (t)
Prominent Hill	0	25,272,373	16,963,931	37,210	686	3,407
Carrapateena	355,500	355,500	0	426	0	44
Total	355,500	25,627,873	16,963,931	37,636	686	3,451

Non-mineral waste

Non-mineral waste	Solid recycled (t)	Liquid recycled (l)	Landfill (t)	Incineration (t)	On-site storage (t)	Hazardous transported (t)
Prominent Hill	1,094	60,600	967	157	0	22
Carrapateena	149	0	687	9	0	21
Total	1,243	60,600	1,654	166	0	43

Rehabilitation and closure

Land management (ha)	Total landholding	Mine footprint	Land disturbed	Land rehabilitated
Prominent Hill	11,401	2,045	0	0
Carrapateena	1,070	121	60	7

Environmental compliance

Total volume of significant spills	300 kL of saline water
Monetary value of significant fines (\$A)	0

Social

Socioeconomic contribution

\$millions	Revenues	Operations	Employees	Payments to providers of capital		Payments to government		Community investment	Economic value retained ^(d)
Region ^(a)	Revenue, other income and financing income ^(b)	Operating expenses ^(b)	Employee benefit expenses ^(b)	Dividend payments to shareholders	Providers of funds ^(b)	Income taxes paid	Royalties ^(b)	Community investments	
South Australia (Total OZ Minerals)	1,040.6	(274.8)	(56.2)	(59.7)	(3.8)	(98.3)	(52.9)	(0.3)	494.6

Overview revenues

Categories	\$millions
Revenue	1,023.1
Other income	5.0
Financing income	12.5
Total	1,040.6

Overview operating expenses

Categories	\$millions
Changes in inventories	190.2
Raw materials	(332.3)
Exploration and evaluation	(21.1)
Freight expenses	(63.6)
Net foreign exchange losses	(6.3)
Other expenses	(41.7)
Total	(274.8)

Overview community investment

Categories	\$millions
Health	(0.11)
Education	(0.02)
Industry ^(c)	(0.03)
Community appeal	(0.11)
Total	(0.27)

Procurement

Region	\$millions
South Australia - local	129.8
South Australia - regional	32.1
National	538.1
International	35.7
Total	735.7

^(a) Amounts are divided into the region identified below based on where the operation is located (e.g. Prominent hill is located in South Australia). The region include the following entities: South Australia: Corporate Office, Prominent Hill Mine, Carrapateena. The entities located outside Australia are not defined as operating segments of OZ Minerals.

^(b) As disclosed in the income statement of the OZ Minerals audited financial statements for the year ended 31 December 2017.

^(c) The community investment category 'Industry' includes sponsorships, events and money paid to industry associations to support various events and activities related to the mining industry.

^(d) Economic value retained is calculated as revenues less economic value distributed.

Stakeholder engagement

Stakeholder group	About the stakeholder	Engagement
Customers	Smelters, refiners and downstream copper product fabricators around the globe. With a key interest in product quality and a greater awareness of global labour issues, human rights and downstream product safety due to the nature of their business.	Regular formal and informal communication with marketing department staff. Personal visits by marketing department and process management staff. Site visits to customer plants and customer representatives encouraged to visit OZ Minerals' operations. Production of parcels as per customer specifications.
Employees	Employees are predominantly South Australian based, fly-in fly-out employees covered by collective bargaining agreements. Key topics for employees include: occupational health and safety, employment, diversity and equal opportunity, training and education, and personal wellbeing.	Regular communication with staff through presentations and discussions, through the intranet, email alerts, hard copy newsletters, noticeboard items and a regular electronic letter from the CEO. Refer to the safety, and health and wellbeing section for information about our safety programs.
Governments	Local, state and national regulators and government agencies.	Regular formal and informal communications with operational senior management and staff through site visits, meetings, events and reporting, partnership in South Australian Government Copper Strategy.
Industry associations	Mining and minerals industry.	Representatives on boards and committees, engagement on specific projects.
Investment community	Mainstream brokers, financial analysts and fund managers, sustainability and ethical investment analysts, retail investment advisers, existing and potential shareholders, both domestically and internationally.	Annual General Meeting, Annual Reports and Sustainability Reports, Quarterly Reports and webcasts, ASX releases, Company website, direct phone contact with investor relations, presentations at industry conferences, briefings and site visits, investor presentations.
Local communities	Individuals and groups local to our operations, including pastoralists, traditional owners, local Aboriginal groups, development groups, local businesses and councils.	Location-specific community relations personnel, community meetings, formal and informal communications, as well as social media.
Media	Print, radio, television and online platforms.	Dedicated media relations function. Regular engagement with business and regional media through teleconferences, regular one-on-one discussions, interviews, ASX releases, media releases and site visits.
Non-government organisations	Local, regional and international environmental, human rights, development, corporate social responsibility and sustainability organisations.	Liaise directly with operational management, environment and community relations departments on specific issues. Annual Reports and Sustainability Reports and media releases.
Shareholders	Retail and institutional shareholders.	Annual General Meeting, Annual Reports and Sustainability Reports, Quarterly Reports, and webcasts, website (where all releases and other information on OZ Minerals is maintained and regularly updated), and investor presentations.
Suppliers	From local businesses to large international organisations.	Regular meetings with commercial and operational staff.
Other mining companies and academia	Other mining companies, mining regulators, industry associations and minerals industry academics, Industry Alliance with representatives of resource companies in the Coober Pedy region and Coober Pedy Council.	Papers and presentations given by executives at various industry-related conferences. Location-specific industry meetings, informal communication and working groups.

Tax

Australian tax-related contribution summary	\$millions
Corporate income tax ^(a)	79.2
Government royalties	52.9
State payroll taxes and other	2.5
Total	134.6
Employee PAYG	18.4

^(a) Corporate Income Tax represents cash outflows in 2017 in relation to income tax payment for December 2016 totalling \$65.5m and two monthly PAYG installments relating to 2017 income year totalling \$13.7m.

Reconciliation of accounting profit to income tax expense	\$millions
Accounting profit before income tax expense	329.4
Tax at Australian tax rate of 30%	(98.8)
Permanent differences	(4.1)
Use of R&D tax offsets	4.2
Prior period adjustments	0.3
Income tax expense	(98.3)
Effective tax rate	29.8%

International related party dealings

For the year ended 31 December 2017, OZ Minerals did not have any dealings with international related parties for the purposes of the Taxation's voluntary Tax Transparency Code (TTC).

Reconciliation to income tax payable	\$millions
Profit before income tax expense	329.4
Permanent differences	13.6
Temporary differences	
– Difference in accounting and tax depreciation	155.8
– Provisions and Accruals	(3.7)
– Derivatives	5.6
– Exploration deductions	(40.1)
– Loss on disposal of asset	(3.2)
– Other	(2.8)
Taxable income before utilisation of carried forward restricted tax losses	454.6
Utilisation of carried forward restricted tax losses	(57.8)
Taxable income after utilisation of carried forward losses	396.8
Tax at Australian tax rate of 30%	(119.0)
Utilisation of R&D offsets	4.2
Income tax payable	(114.8)
PAYG installments for December 2017	13.7
Net income tax payable post PAYG installments	(101.1)

Health and wellbeing

Diversity

Company profile 2017	Full time		Part time		Fixed term		Casual		Employees	Contractors			Workforce
	M	F	M	F	M	F	M	F	Total	M	F	Total	Total
South Australia	241	54	0	3	16	6	7	2	329	870	131	1,001	1,330

New employees 2017	Age group <36		Age group 36–55		Age group >55		Total
	M	F	M	F	M	F	
South Australia	28	8	31	12	6	0	85

Turnover 2017	Age group <36		Age group 36–55		Age group >55		Total
	M	F	M	F	M	F	
South Australia	17	12	19	5	4	2	59

Safety

Safety performance

	2017	2016	2015
Employee fatalities	0	0	0
Contractor fatalities	0	0	0
TRIFR (employees and contractors)	6.39	6.80	5.30
LTIFR (employees and contractors)	0.36	1.07	0.90
Significant safety incidents ^(a)	65	71	61

^(a) As defined by OZ Minerals internal classification.

Independent Limited Assurance Report to the Directors of OZ Minerals Ltd



Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the information subject to assurance, which has been prepared by OZ Minerals Limited in accordance with GRI G4 Sustainability Reporting Guidelines for the year ended 31 December 2017.

Information Subject to Assurance

The Selected Sustainability Information, as presented in the OZ Minerals Limited Sustainability Report 2017 and available on OZ Minerals Limited's website, comprised the following:

Selected Sustainability Information	Value assured
Fatalities	0
Total Recordable Injury Frequency Rate (TRIFR)	6.39
Lost Time Injury Frequency Rate (LTIFR)	0.36
Greenhouse gas emissions Scope 1 (t CO ₂ -e) July 2016 – June 2017	105,648
Greenhouse gas emissions Scope 2 (t CO ₂ -e) July 2016 – June 2017	177,306
Energy consumed (GJ)	2,744,368
Energy produced (GJ)	10,167
Rehabilitation and closure	Management approach

Criteria Used as the Basis of Reporting

The criteria used in relation to the Sustainability Report content are the GRI G4 Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI) and Company-specific definitions.

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- / used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Selected Sustainability Information, whether due to fraud or error;
- / considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- / ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- / enquiries with relevant OZ Minerals Limited personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- / reviews of relevant documentation;
- / analytical procedures over the Selected Sustainability Information;
- / site visits to Corporate Head Office (Adelaide) and Prominent Hill mine site;
- / walkthroughs of the Selected Sustainability Information to source documentation;
- / agreeing the selected information included in the Sustainability Report 2017 to relevant underlying sources on a sample basis for mine closure;
- / agreeing the selected claims included in disclosures to source documentation
- / an assessment that the indicators reported were in accordance with the GRI G4 Core level of disclosures
- / reviewing the Sustainability Report in its entirety to ensure it is consistent with our overall knowledge of the assurance engagement.



How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of OZ Minerals Limited.

Use of this Assurance Report

This report has been prepared for the Directors of OZ Minerals Limited for the purpose of providing an assurance conclusion on the Selected Sustainability Information and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of OZ Minerals Limited, or for any other purpose than that for which it was prepared.

Management's responsibility

Management are responsible for:

- / Determine that the criteria is appropriate to meet the needs of intended users, being OZ Minerals Limited and their stakeholders.
- / Prepare and present the information subject to assurance in accordance with the criteria. This includes disclosing the criteria, including any significant inherent limitations.
- / Establish internal controls that enable the preparation and presentation of the information subject to assurance that is free from material misstatement, whether due to fraud or error.
- / Tell us of any known and/or contentious issues relating to the information subject to assurance.
- / Maintain integrity of the website.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 31 December 2017, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

Melbourne

22 February 2018



Mineral Resources and Ore Reserves



Mineral Resources and Ore Reserves 2017

OZ Minerals' Mineral Resources and Ore Reserves

The 2017 Mineral Resources and Ore Reserves of OZ Minerals are summarised in the table below along with the 2016 Mineral Resources and Ore Reserves for comparison.

2017								2016						
	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Moz	Ag Moz	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Moz	Ag Moz
Resources														
Prominent Hill	160	1.0	0.7	3	1,600	3.5	14	172	1.0	0.7	3	1,770	3.7	15
Carrapateena	130	1.5	0.6	7	2,000	2.6	28	134	1.5	0.6	7	1,970	2.6	28
Total	300	1.2	0.6	4	3,600	6.1	42	307	1.2	0.6	4	3,740	6.3	43
Reserves														
Prominent Hill	74	1.0	0.6	3	730	1.5	7	75	1.0	0.6	3	740	1.4	7
Carrapateena	79	1.8	0.7	9	1,400	1.8	22	70	1.8	0.7	8	1,300	1.7	19
Total	150	1.4	0.7	6	2,100	3.3	29	145	1.4	0.7	6	2,040	3.1	26

Note: Table subject to rounding errors.

Information in the table above was drawn from the following:

Deposit		Estimate date	Release date
Prominent Hill	Mineral Resources 2015	30 June 2015	4 November 2015
Prominent Hill	Mineral Resources 2016	1 July 2016	15 November 2016
Prominent Hill	Mineral Resources 2017	30 June 2017	21 November 2017
Carrapateena	Mineral Resources 2016	18 November 2016	9 December 2016
Carrapateena	Mineral Resources 2017	18 November 2016	24 August 2017
Prominent Hill	Ore Reserves 2015	30 June 2015	4 November 2015
Prominent Hill	Ore Reserves 2016	1 July 2016	15 November 2016
Prominent Hill	Ore Reserves 2017	30 June 2017	21 November 2017
Carrapateena	Ore Reserves 2016	20 October 2016	7 November 2016
Carrapateena	Ore Reserves 2017	4 August 2017	24 August 2017

Note: All Mineral Resources and Ore Reserves are estimates. The Mineral Resource and Ore Reserve statements and their accompanying explanatory notes can be viewed in full at: ozminerals.com/operations/resources-reserves.html

The Prominent Hill Mineral Resources and Ore Reserves remain robust with the majority of changes due to mining depletion.

Prominent Hill 2017 Mineral Resources and Ore Reserves

The Prominent Hill Mineral Resource as at 30 June 2017 has been estimated at 163 million tonnes of copper-gold mineralisation grading 1.0 percent copper, 0.7 grams per tonne gold and 2.7 grams per tonne silver. The Mineral Resource contains 7% fewer copper tonnes and 6% fewer gold ounces than the previous Mineral Resource estimate.

Open pit mineral resources

/ The Prominent Hill Open Pit Mineral Resource estimate decreased by 14 million tonnes (64 per cent), 140 thousand tonnes of copper metal (62 per cent) and 290 thousand ounces of gold metal (66 per cent) as a result of mining depletion.

Underground mineral resources

/ The Prominent Hill Underground Mineral Resource estimate decreased by 1.4 million tonnes (1 per cent), 30 thousand tonnes of copper metal (2 per cent) and 70 thousand ounces of gold metal (2 per cent). However relative to the 2016 estimate, the estimated Mineral Resource has now increased in confidence with increased Measured (+15%) and Indicated (+23%) classified material tonnages and decreased Inferred (-17%) classified material tonnage.

/ Diamond drilling activities, mostly in the southern Prominent Hill Shear Zone and Volcanics, resulted in the addition of approximately 3 million tonnes of new copper mineralisation at 1.2 per cent copper and 0.7 grams per tonne gold to the Mineral Resource, predominantly into the Measured and Indicated estimation classifications. In addition, drilling also upgraded approximately 5 million tonnes of existing 2016 Inferred Mineral Resource estimation to the Measured and Indicated estimation classification in 2017.

/ Additional tonnage due to diamond drilling fully offset underground mining tonnage depletion for the twelve month period. Reductions in the estimated Inferred Mineral Resources were driven by re-evaluated geological and grade continuity interpretations, influenced by updated diamond drilling information, changes to the NSR calculation's metal recoveries and updated estimation parameters.

Stockpiles

/ Surface ore stockpiles as of 30 June 2017 had increased by 6.8 million tonnes (30 per cent), 45 thousand copper metal tonnes (68 per cent) and 140 thousand gold ounces (33 per cent). 6.7 million tonnes (98 per cent) of the stockpile growth was directly attributable to Open Pit ore mining.

Copper mineral resources at Prominent Hill – 30 June 2017

Category	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Koz	Ag Moz
Open Pit^(a) – 0.25% Cu cut-off							
Measured	3	1.2	0.5	4	36	50	0.4
Indicated	5	1.0	0.6	2	47	84	0.3
Inferred	0	1.1	0.6	2	0	0	0.0
Total	8	1.1	0.6	3	83	130	0.7
Underground^(b) – \$57 NSR cut-off							
Measured	33	1.5	0.5	3	490	500	4
Indicated	34	1.1	0.7	3	380	760	3
Inferred	53	1.1	0.5	2	570	910	4
Total	120	1.2	0.6	3	1,400	2,200	11
Surface Stocks							
Measured	12	0.8	0.4	2	93	170	1
Total							
Measured	48	1.3	0.5	3	620	720	5
Indicated	39	1.1	0.7	3	430	840	4
Inferred	53	1.1	0.5	2	570	910	4
Total	140	1.2	0.5	3	1,600	2,500	13

Note: Table subject to rounding errors.

^(a) Within the final pit design.

^(b) Net smelter return (NSR) details can be found in the 2017 explanatory notes: ozminerals.com/operations/resources-reserves.

Gold mineral resources at Prominent Hill – 30 June 2017

Category	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Koz	Ag Moz
Open Pit^(a) – 0.5 g/t Au cut-off Below 0.25% Cu							
Indicated	0	0.1	0.8	1	0	12	0.0
Inferred	0	0.1	1.3	1	0	0	0.0
Total	0	0.1	0.9	1	0	12	0.0
Underground^(d) – \$57 NSR cut-off							
Indicated	2	0.0	2.6	1	0	150	0.1
Inferred	6	0.0	2.4	1	3	440	0.1
Total	7	0.0	2.4	1	3	580	0.2
Surface Stocks							
Measured	15	0.1	0.8	2	17	380	1.1
Total							
Measured	15	0.1	0.8	2	17	380	1.1
Indicated	2	0.0	2.3	1	0	160	0.1
Inferred	6	0.0	2.4	1	3	440	0.1
Total	23	0.1	1.3	2	20	970	1.3

Note: Table subject to rounding errors.

^(a) Within the final pit design.

^(d) Net smelter return (NSR) details can be found in the 2017 explanatory notes: ozminerals.com/operations/resources-reserves.

Prominent Hill Ore Reserves

The Ore Reserves at 30 June 2017 were estimated to be 74 million tonnes at 1.0 percent copper and 0.6 grams per tonne gold for 730 thousand tonnes of contained copper and 1.5 million ounces of contained gold. The 2017 Ore Reserve contains 1% less copper tonnes than the previous Ore Reserve estimate.

Open Pit Ore Reserves

/ The Ore Reserves decreased due to mining depletion almost exclusively.

Underground Ore Reserves

/ Underground Ore Reserve copper and gold metal has increased by ~13 and ~27 per cent respectively, driven by increased confidence in the Mineral Resource estimate, improved design inputs and lateral (across and along strike) mining area expansions.

Summary of the ore reserves at Prominent Hill – 30 June 2017

Category	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Koz	Ag Moz
Open Pit							
Proved	3	1.1	0.5	4	33	50	0.4
Probable	5	0.9	0.6	2	42	92	0.4
Total	8	1.0	0.6	3	74	140	0.7
Underground							
Proved	19	1.6	0.4	4	300	270	2
Probable	20	1.2	0.8	3	240	490	2
Total	39	1.4	0.6	3	540	760	4
Surface Stocks							
Proved	27	0.4	0.6	2	110	550	2
Prominent Hill all mining areas							
Proved	49	0.9	0.6	3	450	870	5
Probable	25	1.1	0.7	3	280	580	2
Total	74	1.0	0.6	3	730	1,500	7

Note: Table subject to rounding errors.

Material changes in the Prominent Hill Mineral Resources and Ore Reserves Statement.

OZ Minerals is not aware of anything that materially affects the information contained in the Prominent Hill Mineral Resources and Ore Reserves Statement, 30 June 2017 other than changes due to depletion since 1 July 2017. Depletion for the six months to 31 December 2017 amounts to approximately 5.2 million tonnes at 1.3% Cu, 0.6 g/t Au and 3 g/t Ag.

Competent Persons' Statements Prominent Hill Mineral Resources & Ore Reserves

The information set out in these tables is a summary of information relating to Prominent Hill Mineral Resources and Ore Reserves set out in the document, Prominent Hill Mineral Resources and Ore Reserves Statements and Explanatory Notes as at 30 June 2017, which was released to the market on 21 November 2017 and is available at ozminerals.com/operations/resources-reserves.html.

The information in this report that relates to mineral resources is based on and fairly represents information and supporting documentation compiled by Colin Lollo, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 225331). Colin Lollo is a full time employee of OZ Minerals Limited. He is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights Plan.

Colin Lollo BSc (Geology) has over 20 years of relevant experience as a geologist including ten years in iron-oxide-copper-Gold-style deposits.

Colin Lollo has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Colin Lollo consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

The Mineral Resource estimate has been reported in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition).

The information in this report that relates to the open pit ore reserves is based on and fairly represents information and supporting documentation compiled by Michael Wood BEng (Min), a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 225408).

Michael Wood is a full time employee of OZ Minerals Limited. Michael Wood is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights plan.

Michael Wood has over 11 years of experience as a mining engineer including six years in iron-oxide-copper-Gold-style deposits. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Michael Wood consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the underground ore reserves is based on and fairly represents information and supporting documentation compiled by Luke Sandery BEng (Min), a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 212082).

Luke Sandery is a full time employee of OZ Minerals Limited. Luke Sandery is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights plan.

Luke Sandery has over 11 years of experience as a mining engineer including six years in iron-oxide-copper-Gold-style deposits. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Luke Sandery consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

The ore reserve estimates have been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition).

Carrapateena Mineral Resources and Ore Reserves

The complete Carrapateena Mineral Resource and Ore Reserve statements can be found at: ozminerals.com/operations/resources-reserves.html

Carrapateena Mineral Resources

The Carrapateena 2017 Mineral Resources is summarised in the table below. The Mineral Resource is current as of 18 November 2016 and has been restated in 2017. The 17 October 2016 Mineral Resource is also shown below for comparison.

Year	Classification	Tonnes Mt	Cu %	Estimate Date	Release Date
2016	Indicated	126	1.5		
	Inferred	7	1.0		
	Total	133	1.5	17 October 2016	7 November 2016
2016	Measured	61	1.4		
	Indicated	65	1.6		
	Inferred	8	0.8		
	Total	134	1.5	18 November 2016	9 December 2016
2017	Measured	61	1.4		
	Indicated	65	1.6		
	Inferred	8	0.8		
	Total	134	1.5	18 November 2016	24 August 2017

Note: Table subject to rounding errors.

The Mineral Resource statement includes additional drilling from 2016 which focused on the upper part of the deposit between 4200mRL – 4600mRL. The aims of the drilling were to confirm grade and geological continuity across the deposit and upgrade a proportion of the Mineral Resource to Measured Resources.

The differences in resource tonnages and grades between the November 2016 Mineral Resource and the October 2016 Mineral Resource are immaterial although the November 2016 Mineral Resource has a higher level of confidence.

Carrapateena Mineral Resources – 18 November 2016^(a)

Classification	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Moz	Ag Moz
Measured	61	1.4	0.6	6	880	1.2	12.4
Indicated	65	1.6	0.6	7	1,030	1.3	14.7
Inferred	8	0.8	0.4	4	60	0.1	0.9
Total	134	1.5	0.6	7	1,970	2.6	27.9

Note: Table subject to rounding errors.

^(a) All material, whether mineralised or not, contained in a reasonable prospects shape designed at a \$70 NSR cut-off value.

Carrapateena Ore Reserves

The Pre-feasibility Study and Ore Reserve estimate has been updated for the 2016 Mineral Resource Estimate as at 18 November 2016. The update includes a revision to the mine access and material handling system, and modifications to the mining footprint where required. Based on the mining and processing schedules completed for the study update, together with ongoing metallurgical test-work, the Carrapateena Project is no longer reliant on the incorporation of a Concentrate Treatment Plant (CTP), and has not been included.

Carrapateena Ore Reserves as at 4 August 2017^(a)

Classification	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Moz	Ag Moz
Proved	0	0.0	0.0	0	0	0	0
Probable	79	1.8	0.7	9	1,400	1.8	22
Total	79	1.8	0.7	9	1,400	1.8	22

Note: Table subject to rounding errors.

^(a) Based on \$100 NSR cut-off value.

Material changes in Carrapateena Mineral Resources and Ore Reserves

OZ Minerals confirms that it is not aware of any new information or data that would materially affect the Carrapateena Mineral Resource estimate as at 18 November 2016 or Carrapateena Ore Reserve estimate as at 4 August 2017.

Competent Persons' Statements Carrapateena Mineral Resources and Ore Reserve

The information set out in these tables is a summary of information relating to Carrapateena Mineral Resources and Ore Reserves set out in the documents, Carrapateena Project Mineral Resource, released originally on 9 December 2016 and subsequently re-stated on 24 August 2017; and Carrapateena Ore Reserve Statements and Explanatory Notes released on 24 August 2017 and are available at ozminerals.com/operations/resources-reserves.html.

The information in this report that relates to Mineral Resources is based on information compiled by Stuart Masters, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (108430) and a Member of the Australian Institute of Geoscientists (5683).

Stuart Masters BSc (Geology), CFSG, has over 30 years of relevant and continuous experience as a geologist including 12 years in iron-oxide–Copper–Gold-style deposits. Stuart Masters has visited the site on ten occasions since OZ Minerals acquired the project including three times since the 2013 Mineral Resource was reported and once since the 2015 Mineral Resource was originally reported.

Stuart Masters is a full time employee of CS 2 Pty Ltd and has no interest in, and is entirely independent of, OZ Minerals. Stuart Masters has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Stuart Masters consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Stuart Masters CS-2 Pty Ltd.

The information in this report that relates to Carrapateena Ore Reserves is based on and fairly represents information and supporting documentation compiled by Murray Smith B.Eng. (Mining), a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 111064).

Murray Smith is a full time employee of Mining Plus Pty Ltd, and prior to the 2017 Carrapateena Feasibility Study had no dealings with OZ Minerals Limited. Murray Smith is not a shareholder in OZ Minerals Limited, and is considered to be independent of OZ Minerals Limited.

Murray Smith BEng (Min) has over 20 years of experience as a mining engineer, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Murray Smith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Ore Reserve estimate has been compiled in accordance with the guidelines defined in the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code, 2012 Edition).

Governance arrangements

OZ Minerals has a longstanding Mineral Resource and Ore Reserve Policy, which establishes company-wide consistency, rigour and discipline in the preparation and reporting of Mineral Resources and Ore Reserves in accordance with industry best practice. The policy sets out:

- / reporting requirements
- / review and approval requirements
- / company standards
- / accountabilities in relation to the assumptions and estimates used for Mineral Resource and Ore Reserve calculations; review, implementation and compliance with the policy; and delivery of Mineral Resource and Ore Reserve estimates and findings to the Board.

Updates to Mineral Resource and Ore Reserve estimates compiled during 2017 were completed in accordance with the guiding principles contained within the policy, suitably modified to meet current company structures, delegated authorities and estimate requirements.

These included:

- / Reporting in compliance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition)
- / Suitably qualified and experienced Competent Persons
- / All Mineral Resource and Ore Reserve estimates being subject to internal and external review and independent review by suitably qualified practitioners, inclusive of the Competent Persons
- / Approval by the Board of the Mineral Resources and Ore Reserves estimates prior to release to the market.



Financial Report



Auditor's Independence Declaration



Lead Auditor's Independence Declaration under
Section 307C of the *Corporations Act 2001*

To the Directors of OZ Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of OZ Minerals Limited for the financial year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Paul Cenko'.

Paul Cenko

Partner

Adelaide

22 February 2018

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017	Notes	2017 \$m	2016 \$m
Revenue	1	1,023.1	822.9
Net foreign exchange (losses)/gains		(6.3)	2.7
Other income		5.0	6.8
Changes in inventories of ore and concentrate		190.2	227.8
Consumables and other direct costs		(332.3)	(313.7)
Employee benefit expenses		(56.2)	(60.4)
Exploration and evaluation expenses		(21.1)	(29.3)
Freight expenses		(63.6)	(52.9)
Royalties expense		(52.9)	(42.2)
Depreciation expense	7	(323.5)	(361.5)
Legal costs associated with Class Action		—	(37.9)
Other expenses		(41.7)	(35.1)
Profit before net financing income and income tax		320.7	127.2
Financing income		12.5	13.8
Financing expenses		(3.8)	(4.8)
Net financing income		8.7	9.0
Profit before income tax		329.4	136.2
Income tax expense	3	(98.3)	(28.4)
Profit for the year attributable to equity holders of OZ Minerals Limited		231.1	107.8
Other comprehensive income			
<i>Items that will not be reclassified subsequently to future Income Statements</i>			
Change in fair value of investments in equity securities, net of tax	13	(0.2)	(10.3)
<i>Items that may be reclassified subsequently to future Income Statements</i>			
Net (losses)/gains on cash flow hedges, net of tax		(7.2)	3.6
Other comprehensive loss for the year, net of tax		(7.4)	(6.7)
Total comprehensive income for the year attributable to equity holders of OZ Minerals Limited		223.7	101.1
		Cents	Cents
Basic and diluted earnings per share			
Basic and diluted earnings per share	2	77.4	35.7

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Statement of Changes in Equity

	Notes	Issued capital \$m	Retained earnings \$m	Cash flow hedge reserve \$m	Treasury shares \$m	Total equity \$m
For the year ended 31 December 2017						
Balance as at 1 January 2017		2,029.0	323.8	3.6	(2.1)	2,354.3
Total comprehensive income for the year						
Profit for the year		–	231.1	–	–	231.1
Other comprehensive gain/(loss)		–	(0.2)	(7.2)	–	(7.4)
Total comprehensive income for the year		–	230.9	(7.2)	–	223.7
Transactions with owners, recorded directly in equity						
Dividends	4	–	(59.7)	–	–	(59.7)
Share-based payment transactions, net of income tax		–	5.3	–	–	5.3
Purchase of treasury shares	12	–	–	–	(7.3)	(7.3)
Exercise of performance rights		–	(8.0)	–	8.0	–
Total transactions with owners		–	(62.4)	–	0.7	(61.7)
Balance as at 31 December 2017		2,029.0	492.3	(3.6)	(1.4)	2,516.3
For the year ended 31 December 2016						
Balance as at 1 January 2016		2,058.9	285.6	–	(0.6)	2,343.9
Total comprehensive income for the year						
Profit for the year		–	107.8	–	–	107.8
Other comprehensive gain/(loss)		–	(10.3)	3.6	–	(6.7)
Total comprehensive income for the year		–	97.5	3.6	–	101.1
Transactions with owners, recorded directly in equity						
Dividends	4	–	(60.6)	–	–	(60.6)
Share-based payment transactions, net of income tax	12	–	6.9	–	–	6.9
Share buy-back	11	(29.9)	–	–	–	(29.9)
Purchase of treasury shares		–	–	–	(7.1)	(7.1)
Exercise of performance rights		–	(5.6)	–	5.6	–
Total transactions with owners		(29.9)	(59.3)	–	(1.5)	(90.7)
Balance as at 31 December 2016		2,029.0	323.8	3.6	(2.1)	2,354.3

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Consolidated Balance Sheet

At 31 December 2017	Notes	2017 \$m	2016 \$m
Current assets			
Cash and cash equivalents		729.4	655.7
Trade receivables		121.9	69.4
Lease receivable	8	19.6	–
Other receivables		10.8	7.8
Inventories	5	262.5	197.1
Prepayments		3.9	4.9
Assets held for sale	7	–	9.4
Total current assets		1,148.1	944.3
Non-current assets			
Inventories	5	484.4	360.0
Investments in equity securities	13	18.0	18.2
Derivative financial instruments	13	–	5.1
Exploration assets - Carrapateena	7	–	284.9
Lease receivable	8	–	27.5
Property, plant and equipment	7	1,175.8	990.6
Total non-current assets		1,678.2	1,686.3
Total assets		2,826.3	2,630.6
Current liabilities			
Trade payables and accruals		94.1	74.4
Other payables		3.5	3.0
Current tax provision	3	101.1	69.0
Employee benefits		10.0	9.0
Provisions	9	6.7	8.3
Derivative financial instruments	13	11.6	11.1
Total current liabilities		227.0	174.8
Non-current liabilities			
Deferred tax liabilities	3	47.4	63.5
Employee benefits		1.8	2.0
Provisions	9	29.1	36.0
Derivative financial instruments	13	4.7	–
Total non-current liabilities		83.0	101.5
Total liabilities		310.0	276.3
Net assets		2,516.3	2,354.3
Equity			
Issued capital	11	2,029.0	2,029.0
Cash flow hedge reserve		(3.6)	3.6
Retained earnings		492.3	323.8
Treasury shares		(1.4)	(2.1)
Total equity attributable to equity holders of OZ Minerals Limited		2,516.3	2,354.3

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017	Notes	2017 \$m	2016 \$m
Cash flows from operating activities			
Receipts from customers		1,000.3	874.0
Payments to suppliers and employees		(568.5)	(529.9)
Payments for exploration and evaluation		(21.6)	(29.3)
Payment of income tax		(79.2)	–
Financing costs		(0.9)	(2.0)
Interest received		12.8	11.3
Net cash inflows from operating activities	6	342.9	324.1
Cash flows from investing activities			
Payment for property, plant and equipment		(151.2)	(99.8)
Payment for Carrapateena evaluation expenditure		(45.8)	(25.6)
Proceeds from disposal of investments		–	3.3
Net cash outflows from investing activities		(197.0)	(122.1)
Cash flows from financing activities			
Dividends paid to shareholders	4	(59.7)	(60.6)
Payments for share buy-back	11	–	(29.9)
Payments for acquisition of treasury shares		(7.3)	(7.1)
Net cash outflows from financing activities		(67.0)	(97.6)
Net increase/(decrease) in cash held		78.9	104.4
Cash and cash equivalents at beginning of the year		655.7	552.5
Effects of exchange rate changes on foreign currency denominated cash balances		(5.2)	(1.2)
Cash and cash equivalents at the end of the year		729.4	655.7

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

Notes to the Consolidated Financial Statements

Group Performance

The principal business activities of OZ Minerals Limited (OZ Minerals or the Company) and its controlled entities (collectively the 'Consolidated Entity') were the mining and processing of ore containing copper, gold and silver, undertaking exploration activities and development of mining projects.

The Company is incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. OZ Minerals registered office is Level 1, 162 Greenhill Road, Parkside, 5063, South Australia, Australia.

The Consolidated Financial Statements of OZ Minerals Limited and its controlled entities for the year ended 31 December 2017:

- / include general purpose Financial Statements prepared by a for profit entity in accordance with Australian Accounting Standards ('AASBs') and the Corporations Act 2001, and comply with International Financial Reporting Standards ('IFRS')
- / are presented in Australian dollars which is also the functional currency of the Company and all its controlled entities
- / have amounts rounded off to within the nearest million dollars to one decimal place unless otherwise stated, in accordance with Instrument 2016/191, issued by the Australian Securities and Investments Commission.

The Consolidated Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the following items which are measured at fair value, or otherwise, in accordance with the provisions of applicable accounting standards:

- / financial instruments, including trade receivables
- / investments in equity securities
- / derivative financial instruments
- / items of inventory and property, plant and equipment which have been written down in accordance with applicable accounting standards.

Other than the final dividend for the year ended 31 December 2017, as discussed in Note 4, no events have occurred subsequent to reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

1. Operating Segments

Segment	Principal activities
Prominent Hill	Mining and processing ore containing copper, gold and silver from the Prominent Hill Mine, a combined open pit and underground mine located in the Gawler Craton of South Australia. The Prominent Hill Mine generates revenue from the sale of concentrate containing copper, gold and silver to customers in Asia, Europe and Australia.
Carrapateena	Exploration, evaluation and development associated with the Carrapateena project located in South Australia.
Exploration & Development	Exploration and evaluation activities associated with other projects and include exploration arrangements with Minotaur Exploration Ltd, Cassini Resources Limited, Toro Energy Limited, Mithril Resources, Acapulco Gold, Red Tiger Resources, Avrupa Minerals and Corporate Development activities.
Corporate (corporate activities)	Other corporate activities include the Consolidated Entity's group office (which includes all corporate expenses that cannot be directly attributed to the operation of the Consolidated Entity's operating segments), other investments in equity securities and cash balances.

Recognition and measurement of revenue

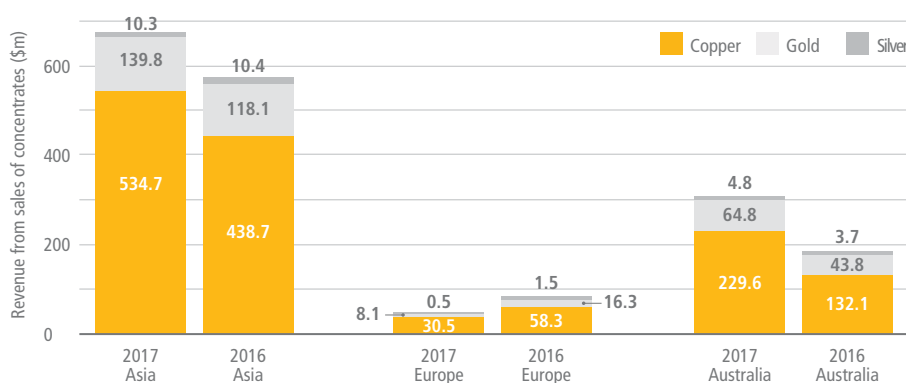
Revenue from sale of concentrates is recognised upon transfer of risks and rewards to the customer when the price is fixed or determinable, no further processing is required, the quantity and quality of the goods has been determined with reasonable accuracy, and collectability is probable. This is generally when the concentrates are loaded on to the vessel at the port of shipment or in the case of domestic sales when the concentrates are delivered to the customer's premises.

Measurement of sales revenue is based on the most recently determined estimate of product specifications with a subsequent adjustment made to revenue upon final determination of metal content in concentrates by customer. These adjustments are typically insignificant relative to the total sales value.

The terms of concentrate sales contracts contain provisional pricing arrangements. The commodity price for metal in concentrate is based on prevailing prices at the time of shipment to the customer. Adjustments to the commodity price occur based on movements in quoted market prices up to the date of final settlement. Receivables arising from sales contracts are initially recognised at fair value, with subsequent changes in fair value recognised in the Income Statement in each period until final settlement, as an adjustment to revenue. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

Revenue is reported net of treatment and refining charges, other commercial costs, pricing adjustments, and gains/losses from copper derivative contracts.

Net Revenue by geographical region



Revenue information presented on the previous page is based on the location of the customer's operations. Major customers who individually accounted for more than ten per cent of total revenue contributed approximately 75 per cent of total revenue (2016: 69 per cent).

Segment Result: Underlying EBITDA, Underlying EBIT and Underlying NPAT are used internally by management to assess performance of the business, make decisions on allocating resources and assess operational management.

31 December 2017	Prominent Hill \$m	Carrapateena \$m	Exploration & Development \$m	Corporate \$m	Consolidated \$m
Revenue – Copper	880.9	–	–	–	880.9
Revenue – Gold and Silver	229.4	–	–	–	229.4
Treatment and refining charges ^(a)	(87.2)	–	–	–	(87.2)
Net Revenue	1,023.1	–	–	–	1,023.1
Mining	(275.6)	–	–	–	(275.6)
Processing	(99.0)	–	–	–	(99.0)
Freight expense	(63.6)	–	–	–	(63.6)
Site general and administration	(21.7)	–	–	–	(21.7)
Royalties	(52.9)	–	–	–	(52.9)
Deferred waste adjustment	4.0	–	–	–	4.0
Inventory adjustment	68.7	–	–	–	68.7
Cost of goods sold	(440.1)	–	–	–	(440.1)
Corporate general and administration	(10.9)	–	(0.1)	(20.5)	(31.5)
Exploration and other income/(expenses)	(0.6)	(5.2)	(20.1)	3.3	(22.6)
Net realisable value adjustments	16.8	–	–	–	16.8
Foreign exchange gain/(loss)	(5.2)	–	–	(1.1)	(6.3)
Underlying EBITDA	583.1	(5.2)	(20.2)	(18.3)	539.4
Depreciation of PPE	(320.5)	–	–	(3.0)	(323.5)
Capitalised depreciation into inventory	104.8	–	–	–	104.8
Net Depreciation	(215.7)	–	–	(3.0)	(218.7)
Underlying EBIT	367.4	(5.2)	(20.2)	(21.3)	320.7
Net finance income					8.7
Income tax expense					(98.3)
Underlying Net Profit after tax					231.1
Net Profit for the year attributable to equity holders of OZ Minerals Limited					231.1

^(a) Treatment and refining charges includes other commercial costs.

31 December 2016	Prominent Hill \$m	Carrapateena \$m	Exploration & Development \$m	Corporate \$m	Consolidated \$m
Revenue – Copper	725.1	–	–	–	725.1
Revenue – Gold and Silver	197.0	–	–	–	197.0
Treatment and refining charges ^(a)	(99.2)	–	–	–	(99.2)
Net Revenue	822.9	–	–	–	822.9
Mining	(296.2)	–	–	–	(296.2)
Processing	(91.3)	–	–	–	(91.3)
Freight expense	(52.9)	–	–	–	(52.9)
Site general and administration	(19.7)	–	–	–	(19.7)
Royalties	(42.2)	–	–	–	(42.2)
Deferred waste adjustment	36.6	–	–	–	36.6
Inventory adjustment	85.4	–	–	–	85.4
Cost of goods sold	(380.3)	–	–	–	(380.3)
Corporate general and administration	(10.5)	–	(0.5)	(25.7)	(36.7)
Exploration and other income/(expenses)	0.7	(12.9)	(16.4)	4.3	(24.3)
Net realisable value adjustments	(10.5)	–	–	–	(10.5)
Foreign exchange gain	(4.1)	–	–	6.8	2.7
Underlying EBITDA	418.2	(12.9)	(16.9)	(14.6)	373.8
Depreciation of PPE	(356.5)	(3.1)	–	(1.9)	(361.5)
Capitalised depreciation into inventory	152.8	–	–	–	152.8
Net Depreciation	(203.7)	(3.1)	–	(1.9)	(208.7)
Underlying EBIT	214.5	(16.0)	(16.9)	(16.5)	165.1
Net finance income					9.0
Income tax expense					(39.8)
Underlying Net Profit after tax					134.3
Non underlying items net of tax ^(b)					(26.5)
Net Profit for the year attributable to equity holders of OZ Minerals Limited					107.8

^(a) Treatment and refining charges includes other commercial costs.

^(b) The non-underlying item net of tax is the settlement and legal cost associated with the class action incurred in 2016.

2. Earnings per share

Basic and diluted earnings per share – cents	2017	2016
Basic and diluted earnings per share	77.4	35.7
Inputs used in calculating basic and diluted earnings per share – \$ millions		
Profit after tax	231.1	107.8
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	298,582,892	301,740,328

Basic earnings per share is calculated by dividing the profit attributable to equity holders of OZ Minerals Limited, by the weighted average number of ordinary shares outstanding during the financial year. The weighted average is determined by the total number of shares on issue less treasury shares held by the Company throughout the period.

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share to take into account dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

RECOVERABILITY OF DEFERRED TAX ASSETS

The Consolidated Entity is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in the application of income tax legislation to determine the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain, and for which provisions are based on estimated amounts. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which the determination is made.

Assumptions about the generation of future taxable profits influence the ability of the Consolidated Entity to recognise (or continue to recognise) deferred tax assets. Taxable profit estimates are based on estimated future production and sales volumes, commodity prices, foreign exchange rates, operating costs, restoration costs and capital expenditure. A change in these assumptions may impact the amount of deferred tax assets recognised in the balance sheet in future periods.

3. Income tax

Income tax expense comprises current and deferred tax of the Consolidated Entity. Current and deferred tax expenses are recognised in Other Comprehensive Income or directly in equity as is appropriate.

Tax consolidation

OZ Minerals Limited and its wholly-owned Australian controlled entities are part of a tax consolidated group. OZ Minerals Limited is the head company of the tax consolidated group.

Income tax expense in the Income Statement	2017 \$m	2016 \$m
Current income tax (expense)/benefit	(111.3)	(69.0)
Deferred income tax (expense)/benefit	13.0	40.6
Income tax (expense)/benefit	(98.3)	(28.4)

Reconciliation of income tax expense to pre-tax profit	2017 \$m	2016 \$m
Profit before income tax	329.4	136.2
Income tax expense at the Australian tax rate of 30 per cent	(98.8)	(40.9)
Adjustments:		
Non-deductible expenditure	(0.7)	(2.1)
Revision for prior periods	0.3	1.0
Research and development benefits	0.9	–
Recognition of previously unrecognised tax losses	–	13.6
Income tax expense	(98.3)	(28.4)

Deferred tax assets and liabilities	Opening balance \$m	Recognised in Income Statement \$m	Recognised in Equity \$m	Closing balance \$m
2017				
Restricted tax losses	49.5	(17.0)	–	32.5
Property plant and equipment	(135.6)	30.2	–	(105.4)
Inventories	(4.8)	0.1	–	(4.7)
Provisions and accruals	11.2	(0.8)	–	10.4
Derivative financial instruments	1.8	1.7	3.1	6.6
Other	14.4	(1.2)	–	13.2
Net deferred tax liabilities	(63.5)	13.0	3.1	(47.4)
2016				
Unrestricted tax losses and offsets	8.3	(8.3)	–	–
Restricted tax losses	49.0	0.5	–	49.5
Property plant and equipment	(170.6)	35.0	–	(135.6)
Inventories	(4.8)	–	–	(4.8)
Provisions and accruals	10.5	0.7	–	11.2
Derivative financial instruments	–	3.3	(1.5)	1.8
Other	5.0	9.4	–	14.4
Net deferred tax liabilities	(102.6)	40.6	(1.5)	(63.5)

Recognised restricted tax losses are subject to an available fraction which limits the amount of these losses that can be utilised each year and may only be utilised after unrestricted tax losses are utilised.

Unrecognised tax losses

During the year, a review of unrecognised tax losses was undertaken and as a result no additional restricted tax losses were recognised in the Balance Sheet. Restricted tax losses of \$178.1 million tax effected (2016: \$178.1 million tax effected) remain unrecognised in the Balance Sheet at 31 December 2017. Capital tax losses of \$595.0 million tax effected (2016: \$592.5 million tax effected) remain unrecognised in the Balance Sheet at 31 December 2017.

Recognition and measurement of income taxes

Current tax

The tax currently payable is based on taxable profit for the year, using rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax assets and liabilities are determined using the balance sheet method which calculates temporary differences based on the difference between the carrying amount of the Consolidated Entity's assets and liabilities in the balance sheet and their associated tax bases.

Deferred tax assets and liabilities are not recognised for temporary differences arising from investments in subsidiaries where the consolidated entity is able to control the reversal of the temporary differences, and it is probable they will not reverse in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available to utilise them.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and adjusted based on estimates of future taxable income and or capital gains against which the deferred tax asset could be utilised.

Deferred tax assets and liabilities are measured at the tax rates applicable to each jurisdiction which are expected to apply in the period when the assets are realised or liabilities discharged and are offset where they relate to the same tax authority and there is a legally enforceable right to offset.

4. Dividends

Since the end of the financial year, the Board of Directors has resolved to pay a fully franked dividend of 14 cents per share, to be paid on 26 March 2018. The record date for entitlement to this dividend is 12 March 2018. The financial impact of the dividend amounting to \$41.8 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2017 and will be recognised in subsequent Consolidated Financial Statements.

The details in relation to dividends announced or paid since 1 January 2016 are set out below:

Record date	Date of payment	Unfranked cents per share ^(a)	Fully franked cents per share	Total dividends \$m
12 March 2018	26 March 2018	–	14	41.8
7 September 2017	21 September 2017	–	6	17.9
10 March 2017	24 March 2017	–	14	41.8
9 September 2016	23 September 2016	6	–	18.1
24 February 2016	10 March 2016	14	–	42.5

^(a) For Australian income tax purposes, the unfranked dividends was declared to be conduit foreign income.

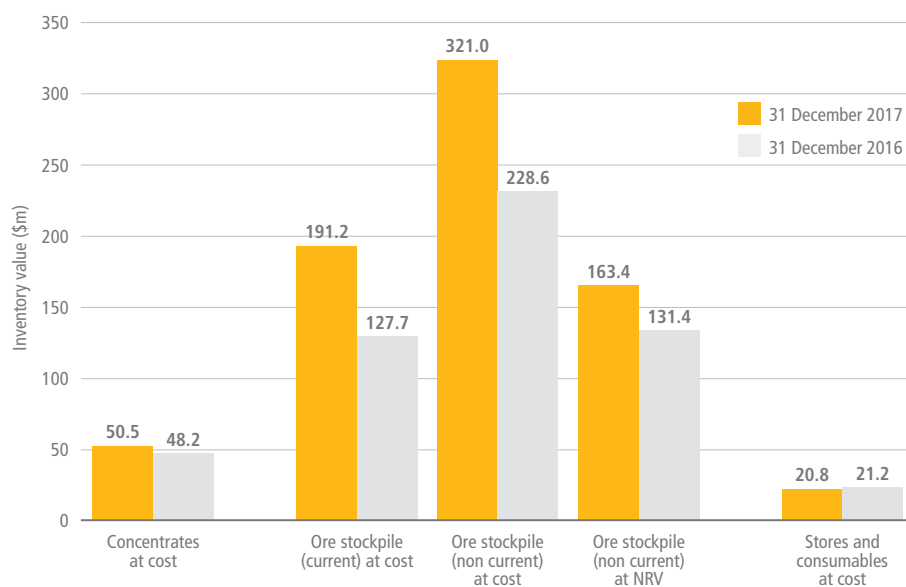
Net Cash and Capital Employed

NET REALISABLE VALUE OF INVENTORIES

Inventories are recognised at the lower of cost and net realisable value ('NRV').

Net realisable value of ore is based on the estimated amount expected to be received when the ore is processed and sold, less incremental costs to convert the ore to concentrate and selling costs. The computation of net realisable value for stockpiles involves significant judgements and estimates in relation to future ore blend rates, timing of processing, processing costs, commodity prices, foreign exchange rates, discount rates and the ultimate timing of sale of concentrates produced. A change in any of these critical assumptions will alter the estimated net realisable value and may therefore impact the carrying value of inventories.

5. Inventories



	2017 \$m	2016 \$m
Concentrates – at cost	50.5	48.2
Ore Stockpile – at cost	191.2	127.7
Stores and consumables – at cost	20.8	21.2
Inventories – current	262.5	197.1
Ore Stockpile – non-current at cost	321.0	228.6
Ore Stockpile – non-current at net realisable value	163.4	131.4
Inventories – non-current	484.4	360.0
Total Inventories	746.9	557.1

An assessment of the net realisable value of non-current ore resulted in an adjustment to increase the value of inventory by \$16.8 million in respect of low grade gold ore stockpiles being recognised in 2017 (2016: reduce by \$10.5 million). The increase is a reversal of previous impairment.

Recognition and measurement of inventories

Inventory is valued at the lower of cost incurred in bringing product to its present location and condition and net realisable value.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Cost comprises direct materials and labour, and a proportion of overhead expenditure directly related to the production of inventories. Expenditure directly related to the production of inventories includes processing costs, transportation costs to the point of sale, and depreciation of plant and equipment and mining property and development assets, the latter of which includes deferred stripping assets and mine rehabilitation costs incurred in the mining process.

Net realisable value is calculated by estimating the value that is expected to be realised upon sale of concentrate after deducting estimated costs of processing, and selling costs. This estimation is based on assumptions of future prices and costs, as well as expected future ore blend rates and timing of processing.

Inventories expected to be processed or sold within twelve months after balance date are classified as current assets, all other inventories are classified as non-current.

6. Operating cash flows

The Consolidated Entity's operating cash flow reconciled to profit after tax is as follows:

	2017 \$m	2016 \$m
Profit after tax for the year	231.1	107.8
Adjustments for:		
Depreciation	323.5	361.5
Lease Amortisation	7.9	7.3
FX loss on cash balances	5.2	1.2
Share based payments	5.3	6.9
Other items	5.4	9.6
Change in assets and liabilities:		
Trade and other receivables	(55.5)	25.9
Prepayments	1.0	—
Inventories	(189.8)	(227.3)
Trade and other payables	(5.4)	5.2
Provision for employee benefits	0.8	(1.8)
Provision for demobilisation and other provisions	(5.7)	(0.7)
Net current and deferred tax liability	19.1	28.5
Net cash inflow from operating activities	342.9	324.1

Recognition and measurement of cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term and highly liquid cash deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand, at call deposits and cash equivalents.

7. Property, Plant and Equipment

	Plant and equipment \$m	Mine property and development \$m	Freehold land and buildings \$m	Capital work in progress \$m	Total \$m
2017					
At cost	1,151.9	1,666.5	187.8	471.3	3,477.5
Accumulated depreciation and impairment losses	(838.4)	(1,336.4)	(126.9)	–	(2,301.7)
Closing carrying amount	313.5	330.1	60.9	471.3	1,175.8
Reconciliation of carrying amounts					
Opening carrying amount	345.0	557.6	66.8	21.2	990.6
Reclassification of Exploration assets	–	–	–	330.7	330.7
Additions and transfers including deferred mining	12.4	45.7	0.5	119.4	178.0
Depreciation expense	(43.9)	(273.2)	(6.4)	–	(323.5)
Closing carrying amount	313.5	330.1	60.9	471.3	1,175.8
2016					
At cost	1,139.6	1,621.2	187.3	21.2	2,969.3
Accumulated depreciation and impairment losses	(794.6)	(1,063.6)	(120.5)	–	(1,978.7)
Closing carrying amount	345.0	557.6	66.8	21.2	990.6
Reconciliation of carrying amounts					
Opening carrying amount	389.6	774.5	75.5	22.2	1,261.8
Additions and transfers including deferred mining	9.4	82.1	(0.2)	8.4	99.7
Transfer of Tunnel Boring Machine to Assets held for sale	–	–	–	(9.4)	(9.4)
Depreciation expense	(54.0)	(299.0)	(8.5)	–	(361.5)
Closing carrying amount	345.0	557.6	66.8	21.2	990.6

The original acquisition of Carrapateena provided for two further payments upon commercial production being reached.

/ US\$50 million on production of copper, uranium, gold or silver.

/ US\$25 million on production of rare earths, iron or any other commodity.

The further payments amounting to US\$75 million do not constitute a liability and are not recognised in OZ Minerals balance sheet because OZ Minerals has not reached the specified performance milestones on which payment is required.

Recognition and measurement of property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing assets into use.

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable. After transfer, all subsequent expenditures to develop the mine to the production phase which are considered to benefit mining operations in future periods are capitalised.

The proceeds from sale of any concentrate produced from ore extracted and processed as part of development of the asset prior to it being deemed ready for use, less any further processing and selling costs incurred, is deducted from the cost of the asset.

The present value of the expected cost of decommissioning an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

RECOVERABILITY OF ASSETS

Cash Generating Units are tested for impairment when there is an indication that the CGU may be impaired. Examples of impairment indicators include the group's net assets exceeding its market capitalisation, unfavourable fluctuations in commodity prices and foreign exchange rates or a decline in the CGU's operating performance.

The Consolidated Entity undertook a review of the Prominent Hill and Carrapateena CGU's to determine whether there was any indication that these CGU's had suffered an impairment loss. The Consolidated Entity concluded that there was no such indicators that either CGU was impaired at reporting date.

In reviewing for impairment indicators, the group assessed for negative trends in the significant judgements and assumptions which may impact the CGU's valuation in future periods, including:

- / Future cash flows based on Board approved internal budgets and forecasts which reflect expectations of resources and reserves, mine plans, short and long term commodity prices and foreign exchange rates, operating and capital costs.
- / The value of Mineral Resources not modelled in Board approved budgets based on the use of an appropriate resource valuation multiple to the contained copper equivalent within the Resources applicable to the CGU.
- / The discount rate applied to the cash flows which reflects current market conditions.

In addition, the Consolidated Entity monitors for impairment indicators by considering the impact of the above judgements and assumptions on the valuation of CGU's through periodic updates to its business valuation models.

Such assumptions are subject to variation as a result of changes in future economic and operational conditions. Consequently, the carrying value of the Consolidated Entity's CGU's may differ in future years if assumptions made do not eventuate and actual outcomes are less favourable than present assumptions.

Property Plant and Equipment is tested for impairment when there is an indication of impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. An impairment loss is recognised for the amount by which the asset or Cash Generating Unit (CGU) carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Assets that have been impaired are reviewed for possible reversal of impairment at each reporting date.

Value in use is the net amount expected to be recovered through cash flows arising from continued use and subsequent disposal of an asset (or group of assets). In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The asset's fair value less costs to dispose is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the estimated costs of disposal.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The depreciation methods adopted by the Consolidated Entity are provided in the table below:

Category	Depreciation method
Freehold land	Not depreciated
Buildings and other infrastructure	Straight line over life of mine
Short term plant and equipment	Straight line over life of asset
Processing plant	Units of ore milled over mining inventory
Mine property and development	Units of ore extracted over mining inventory applicable to the development

Depreciation of assets commences when the assets are ready for their intended use. The depreciation of mine property and development commences when the mine is commissioned or deemed ready for use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period and adjusted prospectively, if appropriate. Where depreciation rates are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate, with the change accounted for as a change in accounting estimate.

During 2017, the useful life of mine property and development and processing plant assets depreciated on a units of production basis were reassessed and are now based on mining inventory (previously reserves), which includes all reserves and a portion of resources which are expected to be mined or processed in the course of the current mine plan. This more closely aligns to the benefits received by the assets from their use.

ORE RESERVES AND RESOURCES ESTIMATES

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding exchange rates, commodity prices, future capital requirements and future operating performance.

Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment including deferred mining expenditure, intangible assets, capitalised exploration, provisions for mine rehabilitation, restoration and dismantling obligations, recognition of deferred tax assets, as well as the amount of depreciation charged to the Income Statement.

Changes in the carrying value of the assets may arise principally through changes in the income that can be economically generated from each project. Changes in depreciation expense may arise through a change in the useful life over which property, plant and equipment is depreciated.

CARRYING VALUE OF CAPITALISED EXPLORATION EXPENDITURE

The accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In the event future economic benefits are unlikely or a reasonable assessment of the existence or otherwise of economic reserves is possible an impairment test may be required which may result in an adjustment to the carrying value of capitalised exploration expenditure.

The ultimate recoupment of costs capitalised for exploration and evaluation phases is dependent on successful development and commercial exploitation or sale of the respective areas of interest.

Exploration assets

	Exploration assets-tangible		Exploration assets-Intangible	
	2017 \$m	2016 \$m	2017 \$m	2016 \$m
Opening Balance	32.7	—	252.2	252.2
Additions	45.8	32.7	—	—
Transfers	(78.5)	—	(252.2)	—
Closing Balance	—	32.7	—	252.2

Following the decision to proceed with development of the Carrapateena mine, the Consolidated Entity transferred the balance of exploration assets related to the Carrapateena project to Property Plant and Equipment in accordance with the accounting policy described below.

Recognition and measurement of exploration expenditure

Exploration and evaluation expenditure is recognised in the Income Statement as incurred, unless the expenditure is expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, in which case it is recognised as an asset on an area of interest basis.

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. Exploration and evaluation assets are not depreciated and are assessed for impairment if:

- / sufficient information exists to determine technical feasibility and commercial viability; or
- / other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to CGUs to which the exploration activity relates. A CGU is not larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property and development assets within property, plant and equipment.

From time to time the Consolidated Entity enters into arrangements which enable it to secure the opportunity to explore and potentially earn the right to mineralisation if discovered on underlying exploration tenements held by other entities (earn-in arrangements). Expenditure incurred under earn-in arrangements is expensed as incurred. Under these agreements OZ Minerals does not assume any liabilities or hold any rights to other assets that the holder of the tenement may possess.

Assets held for sale

The Tunnel Boring Machine previously classified as *Non-current Assets Held for Sale and Discontinued Operations* in accordance with AASB 5 was sold during the year.

8. Lease receivable

Recognition and measurement of finance lease receivable

Leases which transfer substantially all the risk and rewards of ownership of an asset are classified as finance leases. Where a finance lease is provided, the item of equipment is derecognised and the present value of the minimum lease payments receivable are recognised as a lease receivable. Contingent rents are recognised as revenue in the period in which they are earned.

The finance lease receivable represents the consideration paid by OZ Minerals to acquire mining equipment which was leased back to Thiess on an interest free basis. OZ Minerals benefits progressively over the mining services contract from reduced mining services charges by Thiess. Upon termination of the mining services contract, any carrying value of lease receivable is expected to be recovered by OZ Minerals from a resale of the equipment to Thiess.

The finance lease receivable of \$19.6m as at 31 December 2017 comprises \$27.5m from the comparative year, less a \$7.9 million (2016: \$7.3 million) amortisation charge against the finance lease receivable during the year.

9. Provisions

MINE REHABILITATION, RESTORATION AND DISMANTLING OBLIGATIONS

The provision for mine rehabilitation includes future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demobilisation of equipment, decontamination, water purification and permanent storage of historical residues.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation, and many other factors, including future changes in technology, price increases and changes in interest rates. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions.

Recognition and measurement of provisions

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provisions due to the passage of time is recognised in the Income Statement as financing expenses.

Provisions are made for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during mining and exploration operations up to the reporting date but not yet rehabilitated. Provisions for mine rehabilitation are based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated costs include the current cost of rehabilitation necessary to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise. The provision is recognised as a liability, separated into current (estimated costs arising within twelve months) and non-current components based on the expected timing of these cash flows.

Provision for demobilisation relates to the Consolidated Entity's obligation to reimburse contractors for the cost of removing equipment from the mine site. Additions to the provision are made over the life of the equipment while in use at OZ Minerals to match the expected demobilisation costs with the related benefit.

	2017 \$m	2016 \$m
Current		
Equipment demobilisation	2.9	6.3
Other provisions	3.8	2.0
Total current provisions	6.7	8.3
Non-current		
Equipment demobilisation	—	2.3
Mine rehabilitation	29.1	33.7
Total non-current provisions	29.1	36.0
Aggregate		
Other provisions	3.8	2.0
Equipment demobilisation	2.9	8.6
Mine rehabilitation	29.1	33.7
Total provisions	35.8	44.3

Reconciliation of provisions	Mine rehabilitation provision	Equipment demobilisation provision
Opening carrying amount	33.7	8.6
Unwind of discount	2.8	0.3
Provisions utilised	—	(6.0)
Provisions released	(7.4)	—
Closing carrying amount	29.1	2.9

10. Capital expenditure commitments

The Consolidated Entity has entered into various contracts with suppliers for the construction of the Carrapateena Mine and Underground Sustaining Capital works at Prominent Hill. The total capital expenditure commitment in relation to these contracts as at 31 December 2017 was \$405 million (2016: \$71 million), of which \$303 million is expected to be incurred in 2018 and the balance in 2019. Where cancellable, the estimated termination cost of the commitments as at 31 December 2017 was \$41.5 million (2016: \$5.0 million).

Contributed Equity

11. Issued capital

	2017 \$m	2016 \$m
298,664,750 shares (2016: 298,664,750 shares)	2,029.0	2,029.0

The Company does not have authorised capital or par value in respect of its issued shares. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each holder is entitled to one vote per share.

Recognition and measurement of issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction.

Shares bought and held by Employee Share Plan Trust to meet the Consolidated Entity's obligation to provide shares to employees in accordance with the terms of their employment contracts and employee share plans as and when they may vest, are classified as treasury shares and are presented as a deduction from total equity, until the shares are cancelled or reissued.

Shares acquired as part of an on-market share buyback programme are cancelled and presented as a deduction to issued capital, and measured at the amount paid 2017: nil (2016: \$29.9m).

12. Share-based payments

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expenses was \$5.3m (2016: \$6.9m). A description of OZ Minerals' significant Performance Rights Plans ('PRP') and Long Term Incentive Plans ('LTIP') are provided below:

Element	Performance rights granted under PRP	Performance rights granted under LTIP
Performance period	2017: 1 July 2017 to 1 July 2018 2016: 1 July 2016 to 1 July 2017 2015: 22 July 2015 to 1 July 2016	2017: 1 January 2017 to 31 December 2019 2016: 1 January 2016 to 31 December 2018 2015: 1 July 2015 to 30 June 2018 2014: 1 July 2014 to 30 June 2017 2013: 20 December 2013 to 19 December 2016
Service period	2017: 1 July 2017 to 1 July 2018 2016: 1 July 2016 to 1 July 2017 2015: 22 July 2015 to 1 July 2016	2017: 1 January 2017 to 31 December 2019 2016: 1 January 2016 to 31 December 2018 2015: 1 July 2015 to 30 June 2018 2014: 28 July 2014 to 15 July 2017 2013: 20 December 2013 to 19 December 2016
Vesting conditions	Percentage vesting based on individual performance against Key Performance Indicators	<div><div><div>1. Total Shareholder Return (TSR)</div><div>TSR performance measured</div><div>Comparator Group</div><div>Percentage of vesting</div></div><div><div>75th percentile or greater</div><div>Between the 50th and 75th percentile</div><div>50th percentile</div><div>Less than 50th percentile</div></div><div><div>100</div><div>Between 50 and 100 vest progressively by using a straight-line interpolation</div><div>50</div><div>Nil</div></div></div> <div><div>2. Absolute Share Price Growth^(a)</div><div>OZ Minerals Share Price Growth over the Performance Period</div><div>Percentage of vesting</div></div> <div><div>Less than 20%</div><div>20% or greater</div></div> <div><div>Nil</div><div>100</div></div>
Exercise price	Not applicable – provided at no cost	Not applicable – provided at no cost

^(a) The LTI Plan performance vesting conditions for periods 2015 and prior were set only on Total Shareholder Return (TSR). The LTI Plan performance vesting conditions for 2016 and 2017 were set on both Total Shareholder Return (TSR) and Absolute Share Price Growth, weighted at 70% and 30% respectively.

Performance rights granted under the PRPs or LTIPs are not entitled to dividends nor have voting rights. All performance rights under current performance rights plans are automatically exercised upon vesting which is dependent upon meeting both the service condition and the performance condition. The shares on vesting of performance rights rank equally in all respects with previously issued fully paid ordinary shares when issued.

The fair value of services received in return for share-based payments granted during the year is based on the fair value of the performance rights granted, measured using a Binomial Approximation Option Valuation Model and Monte-Carlo Simulation Valuation Model for Performance Rights Plans and Long-Term Incentive Plans respectively, with the following inputs:

Grant date	Fair value at grant date \$	Share price at grant date \$	Expected volatility per cent	Expected dividends Per cent	Risk-free interest rate per cent
Performance rights granted under the LTIP					
1 January 2017					
MD & CEO Tranche One (70%)	4.6	7.2	50.0	2.7	1.7
MD & CEO Tranche Two (30%)	3.5	7.2	50.0	2.7	1.7
Other KMP Tranche One (70%)	6.5	9.2	50.0	2.2	2.0
Other KMP Tranche Two (30%)	5.6	9.2	50.0	2.2	2.0
1 January 2016					
MD & CEO Tranche One (70%)	4.1	5.2	50.0	3.8	2.0
MD & CEO Tranche Two (30%)	3.5	5.2	50.0	3.8	2.0
Other KMP Tranche One (70%)	3.7	5.2	50.0	3.8	2.0
Other KMP Tranche Two (30%)	3.2	5.2	50.0	3.8	2.0
21 July 2015	2.8	3.9	45.0	2.6	2.0
Performance rights granted under the PRP					
1 July 2017	7.3	7.5	50.0	2.6	1.8
1 July 2016	5.8	6.8	50.0	3.3	1.8
21 July 2015	3.8	3.9	45.0	2.6	2.1

Performance rights

The movement in the number of performance rights during the year is set out below:

	2017 Number	2016 Number
Opening balance	2,634,996	2,661,774
Rights granted	887,047	1,895,830
Rights vested and exercised	(1,114,212)	(1,000,724)
Rights forfeited	(401,577)	(921,884)
Closing balance	2,006,254	2,634,996

Recognition and measurement of share-based payments

The fair value of share-based payment transactions measured at grant date are recognised as an employee benefit expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the instruments. If the employee does not meet a non-market condition, such as a service condition or internal KPI's, any cumulative previously recognised expense is reversed.

The fair value of the share-based payment transactions granted are adjusted to reflect market vesting conditions at the time of grant, and are not subsequently adjusted. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable and are updated at each balance sheet date. The impact of the revision to original estimates for non-market conditions, if any, is recognised in the Income Statement with a corresponding adjustment to equity. Changes as a result of market conditions are not adjusted after the initial grant date.

Risk Management

13. Financial risk management

OZ Minerals' Group Treasury Function ('Group Treasury') manages the financial risks of the Consolidated Entity. Group Treasury identifies, evaluates and manages financial risks in close co-operation with OZ Minerals' operating units. The Board approves principles for overall risk management, as well as policies covering specific risk areas, such as market, credit and liquidity risk.

This note presents information about the Consolidated Entity's financial assets and liabilities, its exposure to financial risks, as well as its objectives, policies and processes for measuring and managing risks. The Consolidated Entity's activities expose it primarily to the following financial risks:

- / Commodity prices
- / Foreign currency exchange rates
- / Credit Risk
- / Liquidity Risk.

The Consolidated Entity holds the following financial instruments as presented on the face of the Balance Sheet:

Carried at fair value using level 1 valuation technique (based on share prices quoted on the relevant stock exchanges)	Carried at fair value using level 2 valuation technique (quoted market prices of copper, gold and silver adjusted for specific settlement terms)	Carried at amortised cost
Investments in equity securities	Trade Receivables Derivative Financial Instruments	Cash and cash equivalents Other receivables Trade payables Other payables

The carrying value of each of these items approximates fair value.

ACCOUNTING FOR INVESTMENTS IN EQUITY SECURITIES

Judgement is required in assessing whether power over an investee exists where the Consolidated Entity holds less than a majority of the voting rights. Factors considered include rights arising from other contractual arrangements, any contractual arrangements with other vote holders as well as the Consolidated Entity's voting and potential voting rights.

Despite holding 21.1 per cent of Toro Energy Limited's ('Toro') voting rights it was determined that OZ Minerals does not exert significant influence over Toro considering the distribution of voting rights amongst Toro's other shareholders and given OZ Minerals does not have board or management representation and does not participate in the financial or operating policies of Toro.

Investments in equity securities

The Consolidated Entity holds investments in equity instruments \$18.0m (2016: \$18.2m).

Financial assets measured at fair value include investments in equity instruments which are not held for trading. The Consolidated Entity recognises fair value changes in Other Comprehensive Income based on an irrevocable election at initial recognition. Amounts related to the change in fair value of equity securities are classified in Other Comprehensive Income and are never reclassified to the Income Statement at a later date.

Recognition and measurement

Financial assets and liabilities are recognised when the Consolidated Entity becomes party to the contractual provisions of an instrument.

Non-derivative financial assets

The Consolidated Entity classifies its financial assets into the following categories:

- / Financial assets at fair value through Other Comprehensive Income;
- / Financial assets at fair value through profit and loss; and
- / Loans and receivables at amortised cost.

Financial assets measured at amortised cost are recognised initially at fair value plus any directly attributable transaction costs.

Trade receivables, including those containing an embedded derivative, are carried at fair value. On adoption of AASB 9, the embedded derivative and the receivables are accounted for as one instrument and measured at fair value through profit or loss and recognised in the Income Statement as part of 'Revenue'.

Concentrate sales receivables are recognised in accordance with the recognition and measurement criteria disclosed in Note 1. Provisional payments in relation to trade receivables are usually due within 30 days from the date of invoice issue, with final settlement usually due within 60 days. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The Consolidated Entity derecognises a financial asset or part of it when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On de-recognition of a financial asset, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the Income Statement.

A financial asset measured at amortised cost is assessed at each reporting date as to whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the Income Statement and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

In the event that an impairment loss is reversed, the asset's carrying amount can not exceed what the carrying amount would have been had the impairment not been recognised. The amount of the reversal is recognised in the Income Statement.

Non-derivative financial liabilities

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs. Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

The Consolidated Entity derecognises financial liabilities when its obligations are discharged, cancelled or expire. The difference between the carrying amount of the liability derecognised and the consideration paid and payable is recognised in the Income Statement.

Derivative financial instruments

Recognition and measurement

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in the fair value of any derivative instrument are recognised in the Income Statement, or Other Comprehensive Income, based the designation and effectiveness of the hedge instrument.

Derivative financial instruments that have been designated as a hedge instrument are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Formal designation of the hedge and documentation of the relationship between the hedging instrument and the hedged item is finalised at the inception of the transaction.

Changes in the fair value of the derivative financial instrument which has been designated in a hedge relationship will be recognised in Other Comprehensive Income if the hedging relationship remains effective and the underlying hedge item has not been recognised in the Income Statement, or recognised in the Income Statement if the hedge relationship is no longer effective or the underlying hedged item has been recognised in the Income Statement. Any ineffective portion of changes in the fair value of derivative financial instruments is recognised immediately in the Income Statement. The amount recognised in Other Comprehensive Income is reclassified to the Income Statement in the same period as the underlying item is recognised in the Income Statement.

Commodity price risk management and sensitivity analysis

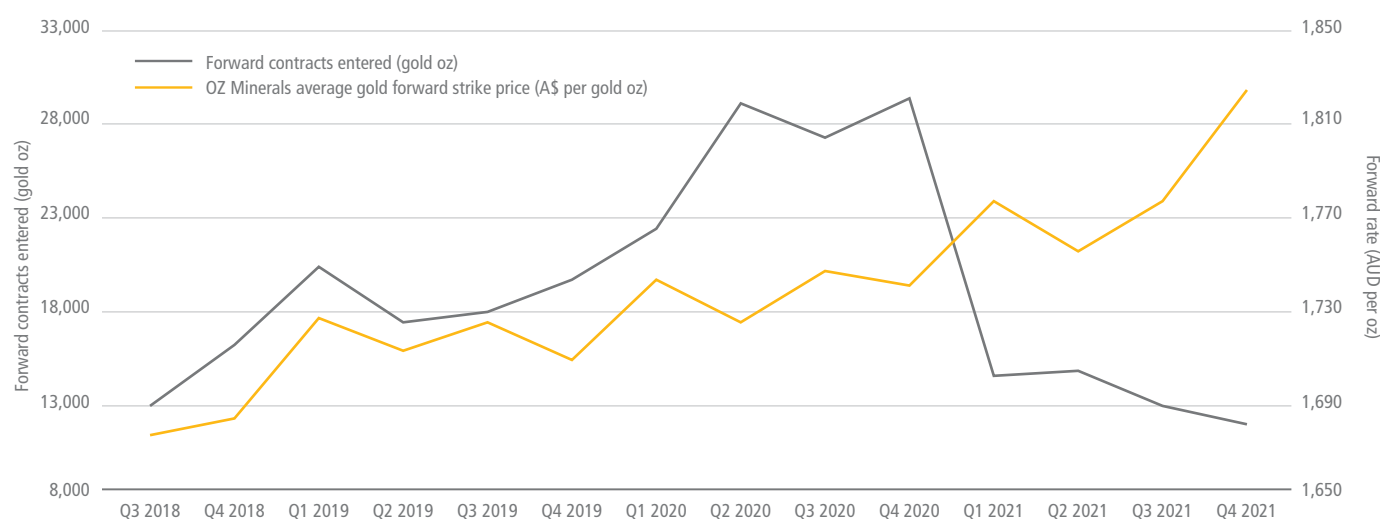
The Consolidated Entity is exposed to commodity price volatility on the sale of metal in concentrates such as copper and gold, which are priced on, or benchmarked to, open market exchanges. OZ Minerals aims to realise the prevailing forward copper price at the time of shipment of concentrates to customers which matches the quotation period of the underlying sale.

Gold derivative contracts

OZ Minerals has entered into gold forward contracts to manage its risk of fluctuations in cash flows arising from forecast gold sales in US\$ due to movements in gold prices and the AUD:USD foreign exchange rates. The Company has designated these gold derivative contracts as cash flow hedges.

The hedged gold sales represent around 54 per cent of forecast sales (gold oz.) in the period from 2018 to 2021 and around 60 per cent of the gold contained in stockpiles at 31 December 2017. This programme is reviewed on a quarterly basis.

The forward contracts have been designated as cash flow hedges under AASB 9 and were assessed to be fully effective in managing the underlying risk. Accordingly, a tax-effected fair value reduction of \$7.2 million (net of tax) was recognised in Other Comprehensive Loss. At 31 December 2017, contracts for 267,137 ounces of gold were outstanding with an average strike price of \$1,736 per ounce, as reflected in the chart below:



HEDGE EFFECTIVENESS

A hedge relationship which is established at inception is assessed for effectiveness in managing the underlying risk. Where a derivative has expired or is assessed to be ineffective, all future fair value changes will be recognised in the Income Statement. Determination of effectiveness requires the exercise of significant judgement regarding mine plans, sales forecasts and recoverable metal contained in mineral resources and reserves.

Copper derivative contracts

The consolidated entity manages the exposure to volatility in copper price on completed sales from contractual Quotation Pricing adjustments, by entering into copper derivative contracts at the time of concentrate shipments which fix the forward price at the time of shipment. These derivative contracts are designated as hedges and are recognised within the Income Statement as part of 'Revenue'. As a result of these hedges, the impact of changes in copper price after the date of sale on the Income Statement is expected to be negligible.

Commodity price sensitivity analysis

Due to the copper price hedging activity, if copper prices were to vary, the expected impact on the Income Statement would be negligible. As such, the below analysis focuses on the impact of movements in gold prices, as variations in silver prices have been deemed immaterial for the purpose of this analysis. In accordance with Australian Accounting Standards, the sensitivity analysis is on all financial assets and liabilities deemed material to the Consolidated Entity.

	+10% movement in Gold prices		-10% movement in Gold prices	
	Impact on Income Statement net of tax	Impact on Other Comprehensive Income net of tax	Impact on Income Statement net of tax	Impact on Other Comprehensive Income net of tax
2017				
Trade receivables	1.6	–	(1.6)	–
Gold hedges (FEC's)	–	(0.4)	–	0.4
Total	1.6	(0.4)	(1.6)	0.4
2016				
Trade receivables	1.2	–	(1.2)	–
Gold hedges (FEC's)	–	(0.8)	–	0.8
Total	1.2	(0.8)	(1.2)	0.8

A 10% movement in gold prices, which is based on reasonably possible changes over a financial year and reflects the variability management applies in forecasting sensitivity, results in a \$1.6 million after tax impact on the Income Statement on the trade receivables balance of \$121.9 million (2016: \$69.4 million) and \$0.4 million after tax impact on the derivative financial liability of \$16.3 million (2016: \$11.4 million). In accordance with accounting standards, the impact has been calculated on the outstanding balance that is subject to commodity price risk and does not include the impact of the movement in commodity prices on the total revenue for the year.

Foreign currency exchange risk management and sensitivity analysis

The Consolidated Entity is exposed to foreign currency risk arising from assets and liabilities that are held in currencies other than the Australian dollar.

All OZ Minerals operations have a functional currency of Australian dollars. An entity's functional currency is the currency of the primary economic environment in which the entity operates. Determination of an entity's functional currency requires management's judgement when considering a number of factors including the currency that mainly influences revenue, costs of production, and competitive forces and regulations which impact revenue. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of financial assets and liabilities denominated in foreign currencies are recognised in the Income Statement except for gold derivative contracts which are recognised in Other Comprehensive Income. The carrying amount of the Consolidated Entity's financial assets and financial liabilities by its currency risk exposure at the reporting date is disclosed below.

	Denominated in US\$ presented in A\$m	Other currencies presented in A\$m	Total A\$m
2017			
Cash and cash equivalents	42.6	–	42.6
Derivative financial instruments	(16.3)	–	(16.3)
Trade receivables	119.7	–	119.7
Trade payables	(0.2)	–	(0.2)
Total	145.8	–	145.8
2016			
Cash and cash equivalents	64.1	–	64.1
Derivative financial instruments	(11.1)	–	(11.1)
Trade receivables	69.4	–	69.4
Trade payables	(1.3)	(0.1)	(1.4)
Total	121.1	(0.1)	121.0

The US dollar exchange rates during the year were as follows:

	Average rate		31 December spot rate	
	2017	2016	2017	2016
A\$:US\$	0.7669	0.7441	0.7794	0.7219

At reporting date, if the foreign currency exchange rates strengthened/(weakened) against the functional currency by 5 per cent and all other variables were held constant, the Consolidated Entity's after tax profit would have changed by \$5.7 million, and Other Comprehensive Income would have changed by \$0.6 million (2016: after tax profit \$4.7 million, and Other Comprehensive Income \$0.6 million).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the reporting date and adjusts their translation for a 5 per cent change in the foreign currency rate.

Interest rate risk management and sensitivity analysis

The Consolidated Entity does not have any borrowings at 31 December 2017 and therefore is not exposed to interest rate risk on borrowings. The Consolidated Entity carries term deposits with fixed interest rates. The effect of a change in interest rates at balance date would not have a significant impact on the after tax profit as substantially all cash deposits have fixed interest rate terms.

Credit risk management

Credit risk refers to the risk that any counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. Counterparty credit risk arises through sales of metal in concentrate on normal terms of trade, through deposits of cash, finance lease receivables and derivative financial instruments.

At the reporting date, the carrying amount of financial assets in the balance sheet represents the maximum credit exposure on cash and cash equivalents, trade receivables, other receivables, derivative assets and lease receivables.

The credit risk on cash and cash equivalents is managed by restricting financial transactions to banks which are assigned S&P equivalent of A-1 short term credit ratings by international credit rating agencies and limiting the amount of funds that can be invested with a single counterparty in accordance with OZ Minerals' Credit Risk Management Policy.

Credit risk in trade receivables is managed by undertaking regular risk assessment and reviewing credit limits of customers. As there are a relatively small number of transactions, they are closely monitored to ensure risk of default is kept to an acceptably low level. Sales contracts require a provisional payment of at least 90 per cent of the estimated value of each sale either promptly after vessel loading or upon the vessel arriving at the discharge port. Where applicable, sales are covered by letter of credit arrangements with approved financial institutions.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region of the customer was:

	2017 \$m	2016 \$m
Asia	82.9	46.7
Australia	39.0	22.7
Total	121.9	69.4

Major customers who individually accounted for more than 10 per cent of total revenue contributed approximately 75 per cent of total revenue (2016: 69 per cent). These customers also represent 89 per cent of the trade receivables balance as at 31 December 2017 (2016: 96 per cent). There have been no instances of customer default during 2017 and there are no significant receivables which are past due at the reporting date.

Credit risk on derivative financial instruments is managed by restricting transactions only with counterparties who are at least Category Two members of the LME, or which are assigned S&P equivalent of A-1 short term credit ratings by international credit rating agencies.

Liquidity risk management

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities. OZ Minerals manages liquidity risk by conducting regular reviews of the timing of cash outflows and the maturity profiles of term deposits in order to ensure sufficient funds are available to meet its obligations.

The following table reflects all contractual repayments from recognised financial assets and liabilities at the reporting date, including derivative financial instruments. For derivative financial instruments, the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

	Less than 1 year	1 – 2 years	2 – 5 years	Greater than 5 years	Total
2017					
Cash and cash equivalents	729.4	–	–	–	729.4
Trade receivables	121.9	–	–	–	121.9
Other receivables	10.8	–	–	–	10.8
Lease receivable	19.6	–	–	–	19.6
Trade payables	(94.1)	–	–	–	(94.1)
Derivative financial liabilities	(11.6)	–	(4.7)	–	(16.3)
Total	776.0	–	(4.7)	–	771.3
2016					
Cash and cash equivalents	655.7	–	–	–	655.7
Trade receivables	69.4	–	–	–	69.4
Other receivables	7.8	–	–	–	7.8
Lease Receivable	27.5	–	–	–	27.5
Derivative financial assets	–	0.6	4.5	–	5.1
Trade payables	(74.4)	–	–	–	(74.4)
Derivative financial liabilities	(11.1)	–	–	–	(11.1)
Total	674.9	0.6	4.5	–	680.0

The Consolidated Entity had access to the following borrowing facilities which were undrawn at the end of the year.

	Expires on	Security	2017 A\$m ^(a)	2016 A\$m	2017 US\$m	2016 US\$m
Revolving facility	November 2019	Unsecured	100.0	–	–	100.0

^(a) The standby credit facility of A\$100m was renegotiated to a three year committed facility of AU\$100m with an uncommitted accordion facility for an additional AU\$300m which remains subject to financial institution approval.

CONTINGENCIES

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. Determination of contingent liabilities disclosed in the Financial Statements requires the exercise of significant judgement regarding the outcome of future events. In the event of an unfavourable outcome of a number of matters listed below the financial results of OZ Minerals in future periods may be impacted unfavourably.

14. Contingencies

Bank guarantees

OZ Minerals Group Treasury Pty Ltd has provided certain bank guarantees to third parties, primarily associated with the terms of mining leases, exploration licences and office leases, in respect of which the relevant entity is obliged to indemnify the bank if the guarantee is called upon. At the end of the financial year, no claims have been made under any of these guarantees. The amount of some of these guarantees may vary from time to time depending upon the requirements of the recipient. These guarantees are backed by deposits which amounted to \$52.9 million as at 31 December 2017 (31 December 2016: \$34.6 million). Presently, all guarantees are voluntarily cash backed by deposits in order to reduce the bank fees payable, however, should the need arise all funds can be withdrawn as and when required.

Deeds of indemnity

The Consolidated Entity has granted indemnities under Deeds of Indemnity with current and former Executive and Non-executive Directors, former officers, the former General Counsel – Special Projects, the former Group Treasurer and each employee who was a director or officer of a controlled entity of the Consolidated Entity, or an associate of the Consolidated Entity, in conformity with Rule 10.2 of the OZ Minerals Limited Constitution.

Each Deed of Indemnity indemnifies the relevant director, officer or employee to the fullest extent permitted by law for liabilities incurred while acting as an officer of OZ Minerals, its related bodies corporate and any associated entity, where such an office is or was held at the request of the Company. Under these indemnities, the Company meets the legal costs incurred by Company officers in responding to investigations by regulators and may advance funds to meet defence costs in litigation, to the extent permitted by the Corporations Act 2001(Cth).

Warranties and indemnities

The Company has given certain warranties and indemnities to the purchasers of assets and businesses that have been sold. Warranties have been given in relation to various matters including the sale of assets, taxes and information. Indemnities have also been given by the Consolidated Entity in relation to matters including compliance with law, environmental claims, a failure to transfer or deliver all assets and payment of taxes.

Former Cambodian operations

The Australian Federal Police (AFP) advised OZ Minerals in September 2014 that it was conducting an investigation of OZ Minerals' 2009 acquisition of the remaining equity holding in the Okvau exploration joint venture in Cambodia in relation to foreign bribery claims. Since that time, the Company has been advised by the AFP that the scope of the AFP's investigation has been extended to OZ Minerals' former Cambodian operations generally. OZ Minerals understands that the AFP is continuing its investigation and OZ Minerals is continuing to fully cooperate with the AFP. OZ Minerals has concluded that it is not probable that a present obligation exists and, accordingly, no provision has been recognised in the balance sheet at 31 December 2017.

Other

OZ Minerals Limited and its controlled entities are defendants from time to time in other legal proceedings or disputes, arising from the conduct of their business. OZ Minerals does not consider that the outcome of any of these proceedings or disputes is likely to have a material effect on the Company's or the Consolidated Entity's financial position.

Group structure and other information

15. Parent entity disclosures

As at, and throughout the financial year ended 31 December 2017, the parent entity of the Consolidated Entity was OZ Minerals Limited.

	2017 \$m	2016 \$m
Provision for non-recovery of loan to subsidiary	8.5	(1.0)
Net other expense	(8.7)	(29.0)
Net profit/(loss) for the year	(0.2)	(30.0)
Other comprehensive income/(loss)	0.2	(12.2)
Total comprehensive income/(loss)	–	(42.2)
Financial position of the parent entity		
Current assets	2.9	2.7
Non-current assets	2,125.9	2,160.5
Total assets	2,128.8	2,163.2
Liabilities	109.5	79.6
Non-current liabilities	0.4	0.4
Total liabilities	109.9	80.0
Net assets	2,018.9	2,083.2
Equity		
Issued capital	2,029.0	2,029.0
Treasury shares	(1.4)	(2.1)
Retained earnings	239.8	304.8
Accumulated losses	(248.5)	(248.5)
Total equity	2,018.9	2,083.2

OZ Minerals Limited is able to manage its net current liability position by its ability to control the timing of dividends from its subsidiaries.

Refer to Note 14 for Contingencies and Note 16 for Deed of Cross Guarantee disclosures. The parent entity's capital expenditure commitment as at 31 December 2017 was nil (2016: nil).

Franking account details	2017 \$m	2016 \$m
Franking account balance at beginning of year	0.9	0.9
Franking credits from income tax paid during the year	82.7	–
Franking debits from income tax refund received	(3.5)	–
Franking debits from franked dividend paid during the year	(25.6)	–
Franking account balance at end of year	54.5	0.9

Basis of consolidation

Investments in subsidiaries

Subsidiaries are those entities over which the Consolidated Entity is capable of exerting control. The Consolidated Entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where the Consolidated Entity holds less than a majority of the voting rights, other relevant factors are considered in assessing whether power over the entity exists. Factors considered include rights arising from other contractual arrangements, any contractual arrangements with other vote holders as well as the Consolidated Entity's voting and potential voting rights.

The Consolidated Entity reassesses whether it controls an entity if facts and circumstances indicate that there has been a change in one of the factors which indicate control. Subsidiaries are consolidated from the date on which control is assessed to exist until the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains and losses on transactions between companies controlled by the Consolidated Entity are eliminated on consolidation.

Subsidiaries

The wholly owned controlled entities of OZ Minerals Limited are listed below:

Entity	Country of incorporation
Carrapateena Pty Ltd	Australia
CTP Assets Pty Ltd	Australia
CTP Operations Pty Ltd	Australia
Minotaur Resources Holdings Pty Ltd	Australia
OZ Exploration Pty Ltd	Australia
OZ Minerals Equity Pty Ltd	Australia
OZ Minerals Group Treasury Pty Ltd	Australia
OZ Minerals Holdings Limited	Australia
OZ Minerals Insurance Pte Ltd	Singapore
OZ Minerals International (Holdings) Pty Ltd	Australia
OZ Minerals Investments Pty Ltd	Australia
OZ Minerals Jamaica Limited	Jamaica
OZ Minerals Prominent Hill Operations Pty Ltd	Australia
OZ Minerals Prominent Hill Pty Ltd	Australia
OZ Minerals Zinifex Holdings Pty Ltd	Australia
OZ Minerals Carrapateena Pty Ltd	Australia
OZ Exploration Chile Limitada	Chile
OZM Carrapateena Pty Ltd	Australia
OZ Exploration (USA) LLC	USA
ZRUS Holdings Pty Ltd	Australia

16. Deed of cross guarantee

The Company and all its Australian domiciled subsidiaries listed in Note 15 to the Consolidated Financial Statements, except for OZ Minerals Equity Pty Ltd, OZ Minerals International (Holdings) Pty Ltd, and ZRUS Holdings Pty Ltd are party to a Deed of Cross Guarantee ('Deed').

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

Set out below is the Consolidated Statement of Comprehensive Income and Consolidated Balance Sheet of the entities within the Deed.

Consolidated Statement of Comprehensive Income of the entities within the Deed of Cross Guarantee	2017 \$m	2016 \$m
Revenue from sale of concentrates	1,023.1	822.9
Other income	4.7	6.3
Net foreign exchange (losses)/gains	(5.8)	2.6
Changes in inventories of ore and concentrate	190.2	227.8
Consumables, concentrate purchases and other direct costs	(332.3)	(313.7)
Employee benefit expenses	(56.2)	(60.4)
Exploration and evaluation expenses	(21.1)	(25.1)
Freight expenses	(63.6)	(52.9)
Royalties expense	(52.9)	(42.2)
Depreciation expense	(323.5)	(361.5)
Legal costs associated with Class Action	—	(37.9)
Other expenses	(41.1)	(34.9)
Profit before net financing income and income tax from continuing operations	321.5	131.0
Financing income	12.5	13.8
Financing expenses	(3.8)	(4.8)
Net financing income	8.7	9.0
Profit before income tax	330.2	140.0
Income tax expense	(98.4)	(28.4)
Profit for the year	231.8	111.6
Other comprehensive loss	(7.4)	(6.7)
Total comprehensive profit for the year	224.4	104.9

Consolidated Balance Sheet of the entities within the Deed of Cross Guarantee	2017 \$m	2016 \$m
Current assets		
Cash and cash equivalents	722.5	648.0
Trade receivables	121.9	69.4
Lease receivable	19.6	–
Other receivables	10.8	6.6
Inventories	262.5	197.1
Prepayments	3.8	4.9
Assets held for sale	–	9.4
Total current assets	1,141.1	935.4
Non-current assets		
Inventories	484.4	360.0
Investments in equity securities	18.0	18.2
Derivative financial instruments	–	5.1
Exploration assets - Carrapateena	–	284.9
Lease receivable	–	27.5
Property, plant and equipment	1,175.8	990.6
Investment in subsidiaries which are not party to the Deed	3.0	3.0
Total non-current assets	1,681.2	1,689.3
Total assets	2,822.3	2,624.7
Current liabilities		
Trade payables and accruals	93.6	72.6
Other payables	3.5	3.0
Current tax liabilities	101.1	69.0
Employee benefits	10	9.0
Provisions	6.7	8.3
Derivative financial instruments	11.6	11.1
Total current liabilities	226.5	173.0
Non-current liabilities		
Deferred tax liabilities	47.3	63.5
Employee benefits	1.8	2.0
Provisions	29.1	36.0
Derivative financial instruments	4.7	-
Total non-current liabilities	82.8	101.5
Total liabilities	309.5	274.5
Net assets	2,512.9	2,350.2
Equity		
Issued capital	2,029.0	2,029.0
Cash flow hedge reserve	(3.6)	3.6
Retained earnings	488.9	319.7
Treasury shares	(1.4)	(2.1)
Total equity	2,512.9	2,350.2

17. Key management personnel

Key management personnel remuneration

Key management personnel ('KMP') are accountable for planning, directing and controlling the affairs of the Company and its controlled entities. The KMP remuneration for the Consolidated Entity was as follows:

	2017 \$	2016 \$
Short-term employee benefits	4,135,136	4,737,886
Other long term benefits	13,182	22,540
Post-employment benefits	128,230	168,272
Termination benefits	149,643	–
Share-based payments	(48,812)	480,542
Total	4,377,379	5,409,240

Information regarding individual directors' and executives' compensation and some equity instrument disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report.

Recognition and measurement of wages and salaries and short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, inclusive of on costs, when the liabilities are settled.

Recognition and measurement of other long term employee benefits

Long term employee benefits include annual leave liabilities which are expected to be settled in the period greater than twelve months from balance date and long service leave liabilities. Other long term benefits are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Transactions with related parties

A number of KMP, or their related parties, hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. Where the Consolidated Entity transacts with the KMP and their related parties, the terms and conditions of these transactions are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

18. Remuneration of auditors

	2017 \$	2016 \$
Audit services provided by KPMG		
Audit and review of financial reports and other audit work under the Corporations Act 2001, including audit of subsidiary financial statements		
KPMG Australia	425,000	439,722
Overseas KPMG firms	23,549	34,990
Total fee for audit services provided by KPMG	448,549	474,712
Other assurance services provided by KPMG including Sustainability work	50,000	71,900
Total audit and assurance fee	498,549	546,612
Tax compliance and other tax advisory services	180,000	160,124
Other services provided by KPMG	44,328	5,125
Total non-audit fee	224,328	165,249
Total fees	722,877	711,861

19. New accounting standards

(i) Changes in accounting policies and mandatory standards adopted during the year

The accounting policies applied by the Consolidated Entity in these Consolidated Financial Statements are consistent with those applied by the Consolidated Entity in its Annual Report for the year ended 31 December 2016. The Consolidated Entity has adopted all of the new, revised or amending standards that are mandatory. The adoption of these new and revised Australian Accounting Standards has not had a significant impact on the Consolidated Entity's accounting policies or the amounts reported during the year.

(ii) Early adoption of Standards

The Consolidated Entity has not early adopted any standards in the Annual Report during the year ended 31 December 2017. During 2016 the Consolidated Entity elected to early adopt AASB9 Financial Instruments.

(iii) Issued Standards and pronouncements not early adopted

At the date of authorisation of the Financial Statements the following has been issued but were not yet effective.

AASB 15 Revenue from Contracts with Customers

AASB 15 changes the timing (and in some case, the quantum) of revenue recognised from customers. Currently revenue for domestic sales is recognised when the concentrates are delivered to the customers' premises, which is the point when the customer takes over the risk and rewards of ownership transfer. The Consolidated Entity's assessment indicates that under AASB 15, revenue will continued to be recognised on the same basis when the customer obtains control of the concentrates.

Revenue for export sales is currently recognised when shipments of concentrates are loaded on to the vessel as the risk and reward of ownership is transferred to the customer at that point. The Consolidated Entity's assessment under AASB 15 indicates that the export contracts are made up of two performance obligations. The first obligation to deliver the concentrates to the port of shipment and the second obligation is to organise shipping of the concentrate, which will be satisfied when concentrates are delivered to the destination port. The Consolidated Entity assessed that revenue relating to the first obligation of delivery of the concentrates to the port of shipping will be recognised at that point and revenue relating to the shipping obligation will be recognised in future periods upon delivery of concentrates. On the basis of the above the new standard is not expected to materially impact the Consolidated Entity's net profit after tax. The Consolidated Entity will adopt this standard effective 1 January 2018.

AASB 16 Leases

AASB16 eliminates the distinction between operating and finance leases and brings all leases (other than short term and low value leases) onto the balance sheet. The standard does not apply mandatorily before 1 January 2019. The Consolidated Entity is currently undertaking an analysis of transition options and the on-going financial reporting impact.

Directors' declaration

1. In the opinion of the directors of OZ Minerals Limited (the Company):
 - (a) the Consolidated Financial Statements and notes set out on pages 93 to 125 and the remuneration disclosures that are contained in the Remuneration Report on pages 40 to 55, are in accordance with the *Corporations Act 2001*, and:
 - (i) give a true and fair view of the financial position of the Consolidated Entity as at 31 December 2017 and of its performance for the year ended on that date; and
 - (ii) comply with Australian Accounting Standards and the Corporations Regulations 2001;
 - (b) the directors draw attention to page 97 of the Consolidated Financial Statements, which includes a statement of compliance with international financial reporting standards.
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.
2. There are reasonable grounds to believe that the Company, and the consolidated entities identified in Note 16, will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 2016/785.
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2017.

Signed in accordance with a resolution of the directors.



Rebecca McGrath

Chairman

Adelaide

22 February 2018



Andrew Cole

Managing Director

and Chief Executive Officer

Adelaide

22 February 2018

Independent Auditor's Report



Report on the audit of the Financial Report To the shareholders of OZ Minerals Limited

Opinion

We have audited the Financial Report of the Consolidated Entity.

In our opinion, the accompanying Financial Report of OZ Minerals Limited is in accordance with the *Corporations Act 2001*, including

- / giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and
- / complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises the:

- / Consolidated balance sheet as at 31 December 2017;
- / Consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;
- / Notes including summary of significant accounting policies; and
- / Directors' Declaration.

The Consolidated Entity consists of OZ Minerals Limited (the Company) and the entities it controlled at the year end and from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code). We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

The Key Audit Matters we identified are:

- / Carrying value of Prominent Hill Property, Plant and Equipment (PP&E)
- / Valuation of Low Grade Gold Ore Stockpiles

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Carrying value of Prominent Hill PP&E (contained within total PP&E \$1,175.8m)

Refer to Note 7 to the Financial Report

The key audit matter

The carrying value of Prominent Hill PP&E is a key audit matter due to the audit effort involved in assessing the Group's determination that no impairment indicators existed in relation to the Prominent Hill PP&E.

Important factors included:

- / The significance of this determination and its effect on the extent and granularity of the Group's assessment of the carrying value. The presence of impairment indicators would necessitate a detailed analysis by the Group of the recoverable amount of Prominent Hill PP&E. In light of the quantum of the Prominent Hill PP&E (being 25% of total assets), the presence of impairment indicators would impact the scope of our work.
- / The historic sensitivity of the Group's modelling to external and internal conditions. This heightens the likelihood of small changes in conditions from previous years leading to indicators of impairment.

In assessing the presence of impairment indicators, we particularly focused on the external and internal conditions listed below. We assessed each condition against the equivalent in the previous impairment assessment and the Group's mine plan (where applicable), for inconsistent or negative trends, which may indicate impairment of the carrying value.

- / Commodity price and foreign exchange rate forecasts.
- / Prominent Hill operational plans and budgets, in particular:
 - > Metal production levels planned: these are dependent on extraction of ore from the mine, estimated grades of metal in the ore body, and ability to recover metal contained in the ore extracted.
 - > Capital expenditure and operating costs: such as underground mining costs, processing costs, freight and TCRC (treatment costs and refining charges).
- / Discount rate based on market evidence of comparable organisations within the same industry.
- / The valuation multiples used by the Group to ascribe value to the ore bodies known to exist at Prominent Hill but have not been included in the Group's primary impairment indicator assessment.

We involved senior audit team members, including KPMG valuations specialists, with experience in the industry for this key audit matter.

How the matter was addressed in our audit

Involving our valuations specialists, our procedures included:

- / We tested the controls for the Group's compilation of their operational plans and budgets for Prominent Hill PP&E into their primary impairment indicator assessment, including board authorisation of key inputs. In assessing the due process involved into its compilation, we critically evaluated the following key forecast inputs for accuracy:
 - > Metal production levels against historical production levels and the capacity to achieve forecast production;
 - > Capital expenditure against historical capital expenditure and for consistency with the planned activities that may require capital; and
 - > Operating costs, against historical amounts and for consistency with the mine plan.
- / In assessing for negative trends in the forecast cash flows of Prominent Hill PP&E, we challenged the Group's key internal inputs from above against those in the previous impairment assessment. Specific to Prominent Hill's future production levels we used our knowledge of previous production levels and evaluated against:
 - > Board approved current business model.
 - > The Mineral Resources and Ore Reserves Statements prepared by the Group in accordance with Joint Ore Reserves Committee (JORC) requirements for ore to be mined and processed. These requirements govern evaluation and reporting of the existence of mineral resources.
 - > Findings from external specialists, engaged by the Group in prior years that remain relevant, to assess the accuracy of JORC Resource and Reserve estimates for information which may indicate that estimates of ore to be mined and processed are not achievable.
- / We assessed the relevant discount rates sourced from comparable market rates for negative trends against the previous impairment assessment;
- / We compared forecast commodity prices and foreign exchange rates applicable to the Group's businesses, via published analyst and broker data, for negative trends against the previous impairment assessment;
- / In assessing for negative trends in the value ascribed to the ore bodies known to exist at Prominent Hill but have not been included in the impairment indicator assessment calculation, we compared the valuation multiples used to market data for comparable transactions and prior period valuation multiples.



Valuation of Low Grade Gold Ore Stockpiles (\$163.4 million)

Refer to Note 5 to the Financial Report

The key audit matter

Significant judgment is required to be exercised by the Group in their assessment of the value of low grade gold ore which will be combined with copper ore to be mined in the future to produce concentrate. The valuation of low grade gold ore stockpiles is a key audit matter because significant judgment is required by us in evaluating the Group's assessment of the value. The Group's assessment is based on a model which estimates future revenue expected to be derived from low grade gold ore contained in existing ore stockpiles, less selling costs and further processing costs to convert ore into concentrate. We particularly focus on those judgments listed below which impact the valuation model:

- / Future metal production levels which are dependent on the volume and grade of existing low grade gold ore stockpiles.
 - / Future processing costs of low grade gold ore, and related selling costs.
 - / Future commodity prices and foreign exchange rates expected to prevail when the concentrate containing gold from existing low grade gold ore stockpiles is processed and sold.
 - / The timing of production which depends on the available capacity of the mill.
- In assessing this key audit matter, we used team members who understand the Group's business, industry and the relevant economic environment.

How the matter was addressed in our audit

Our procedures included:

- / We tested the controls relevant to:
 - > the Group's valuation of low grade gold ore stockpiles, including board authorisation of key inputs to the assessment such as commodity prices, foreign exchange rates, and processing costs; and,
 - > the Group's process for recording and monitoring volumes and grades of stockpiled low grade gold ore such as the use of quantity surveyors and management review and approval of grades.
- / We assessed the methodology applied by the Group in determining the value of low grade gold ore stockpiles against the requirements of Accounting Standards for determining the net realisable value of inventories which are yet to be converted into finished goods.
- / We compared the results of quantity surveyors to volume of low grade gold ore stockpiles.
- / We compared grades of stockpiled low grade gold ore to stockpiled low grade gold ore in previous periods, and against grades reported in the JORC Ore Reserves Statement.
- / We evaluated the Group's key assumptions used to determine the value of low grade gold ore stockpiles by:
 - > comparing forecast processing costs of low grade gold ore against historical actual processing costs to assess forecast processing cost assumptions;
 - > assessing forecast selling costs by comparing to trends from evaluation of existing customer sales contracts;
 - > assessing commodity prices and foreign exchange rates applied by the Group against published analyst and broker data about commodity prices and foreign exchange rates expected to prevail in the future; and,
 - > checking that low grade gold ore was only forecast to be processed when there was capacity in the mill.



Other Information

Other Information is financial and non-financial information in OZ Minerals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the 2017 Snapshot, Message from the Chairman and CEO, OZ Minerals' Company Strategy, Prominent Hill Overview, Carrapateena Overview, West Musgrave Overview, Exploration and Growth Overview, Governance Overview, Results for Announcement to the Market, Directors' Report including the Operating and Financial Review, Remuneration Overview and Report, Sustainability Report, Reserves and Resources 2017, Letter from the Chairman of the Human Resources and Remuneration Committee and Shareholder Information. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors are responsible for:

- / preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards and the Corporations Act 2001*;
- / implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- / assessing the Consolidated Entity's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- / to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- / to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of OZ Minerals Limited for the year ended 31 December 2017, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included within the Director's report for the year ended 31 December 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Paul Cenko

Partner

Adelaide

22 February 2018

Shareholder Information

Capital

Share capital comprised 298,664,750 fully paid ordinary shares on 14 February 2018.

Shareholder details

At 14 February 2018, OZ Minerals had 40,986 shareholders. There were 812 shareholdings with less than a marketable parcel of \$500 worth of ordinary shares.

Top 20 investors at 14 February 2018

Name	Number of Shares	Issued Capital %
HSBC Custody Nominees (Australia) Limited	92,517,063	30.98
J P Morgan Nominees Australia Limited	52,846,840	17.69
Citicorp Nominees Pty Limited	47,799,004	16.00
National Nominees Limited	17,629,822	5.90
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	5,929,762	1.99
Citicorp Nominees Pty Limited <Colonial First State INV A/C>	3,642,184	1.22
BNP Paribas Noms Pty Ltd <DRP>	2,974,740	1.00
HSBC Custody Nominees (Australia) Limited - GSCO ECA	2,557,640	0.86
UBS Nominees Pty Ltd	2,513,164	0.84
Romsup Pty Ltd <Romadak Super Fund A/C>	2,467,057	0.83
BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	2,315,000	0.78
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	2,197,618	0.74
HSBC Custody Nominees (Australia) Limited - A/C 2	1,487,656	0.50
SBN Nominees Pty Limited <10004 A/C>	1,478,700	0.50
AMP Life Limited	1,333,862	0.45
Pacific Custodians Pty Limited OZL Plans CTRL	995,445	0.33
Brispot Nominees Pty Ltd <House Head Nominee A/C>	881,928	0.30
Mr Jose Manuel Do Rego Medeiros	850,000	0.28
BNP Paribas Noms Pty (NZ) Ltd <DRP>	558,755	0.19
Debortoli Wines Pty Limited	558,254	0.19
Total	243,534,494	81.54

Substantial shareholders of OZ Minerals Limited at 14 February 2018

Norges Bank advised that as at 05 February 2018, it and its associates had an interest in 15,378,264 shares, which represented 5.15 per cent of OZ Minerals capital at that time.

BlackRock group advised that as at 23 November 2017, it and its associates had an interest in 16,634,150 shares, which represented 5.56 per cent of OZ Minerals capital at that time.

Dimensional Entities advised that as at 10 November 2015, it and its associates had an interest in 21,336,936 shares, which represented 7.03 per cent of OZ Minerals capital at that time.

Investor categories at 14 February 2018

Ranges	Number of Investors	Number of Shares	Issued Capital %
1 – 1000	30,985	10,891,261	3.65
1001 – 5000	8,270	18,385,825	6.16
5001 – 10000	1,097	7,914,734	2.65
10001 – 100000	590	13,600,247	4.55
100001 and Over	44	247,872,683	82.99
Total	40,986	298,664,750	100

Voting rights

On a show of hands, every member present in person or by attorney or by proxy or by representative shall have one vote. Upon a poll, every member present in person or by attorney or by proxy or by representative shall have one vote for every share held by the member. Where more than one proxy, representative or attorney is appointed, none may vote on a show of hands.

Other securities on issue

The Company has performance rights on issue in addition to ordinary shares. The details of the securities held as at 14 February 2018 are as follows:

Class of security	Number of holders	Number of securities
Performance Rights	267	2,320,503

No voting rights attach to the above securities, however, any ordinary shares that are allotted to the holders of the securities upon vesting or conversion of the above mentioned securities will have the same voting rights as all other ordinary OZ Minerals shares.

Dividends

A fully franked final dividend of 14 cents per share will be paid on 26 March 2018. An interim dividend of six cents per share fully franked was paid to shareholders on 21 September 2017. This brings the total dividend for calendar year 2017 to 20 cents per share fully franked.

Dividend payments

Your dividend payments are credited directly into any nominated bank, building society or credit union account in Australia.

On-market buy-back

The Company announced on 23 February 2017 that it would not renew the on-market buy-back of fully paid ordinary shares that was due to end no later than 26 February 2017. Between 14 March 2016 and 26 February 2017 there were 4.8 million shares bought back for total consideration of \$29.9 million.

Annual Report

You can access a full copy of the Annual Report online at www.ozminerals.com. If you no longer wish to receive a hard copy of the Annual and Sustainability Report, log into your shareholding or contact our share registry to update your shareholder communication instructions.

Share registry information

The OZ Minerals share registry is maintained by Link Market Services Limited.

Visit Link Market Services' website linkmarketservices.com.au and access a wide variety of holding information, change your personal details and download forms. You can:

- / check your current and previous holding balances
- / elect to receive financial reports electronically
- / update your address details
- / update your bank details
- / confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- / check transaction and dividend history
- / enter your email address
- / check the share prices and graphs
- / download a variety of instruction forms.

You can access this information via a security login using your Security Holder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

Contact information

Shareholder enquiries about shareholding should be addressed to Link Market Services. You can contact the Company's share registry by calling (61) 1300 306 089, local call cost within Australia. Share registry contact information can be found on the back cover of this report.



Glossary

Acid rock drainage

When rock surfaces are exposed to air and rain, a reaction can occur with the elements in the rock which results in a change in the characteristics of the water that runs off. If the rock contains sulphides, oxidation processes can acidify the water. This process is known as acid rock drainage.

Biodiversity

Biodiversity is the variety of plants, animals and micro-organisms, their genetic variation and the different ecosystems of which they inhabit.

Carbon dioxide equivalent (CO2-e)

Carbon dioxide equivalent is a standard measurement used to indicate the impact of various greenhouse gas emissions on global warming relative to the same amount of carbon dioxide (CO2).

Copper concentrate

The Prominent Hill operation produces copper concentrate. This is a fine-grained material that contains a percentage of copper, gold and other minerals which has been concentrated to increase its copper concentration through the removal of waste materials. Copper concentrate is used by smelters to produce copper in its metal form.

Footprint

The area disturbed by OZ Minerals' operations and activities.

Global Reporting Initiative (GRI)

An international multi-stakeholder process aimed at producing and disseminating globally applicable sustainability reporting guidelines. These guidelines are for voluntary use by organisations for reporting on the economic, environmental and social dimensions of their activities, products and services. For more information, see www.globalreporting.org.

Greenhouse gases

Gases in the Earth's atmosphere that absorb and re-emit infrared radiation, including carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride (SF6).

Hectare (ha)

A hectare is a unit of area equal to 10,000 square metres. Usually used to measure land.

IUCN Red List

The International Union for Conservation of Nature and Natural Resources (IUCN) Red List of threatened species provides information about the characteristics, conservation status and distribution of flora and fauna species facing the risk of extinction.

Kilolitre (kL)

One kilolitre is equal to one thousand litres.

Leading my career

A training and mentoring program for highperforming females, run collaboratively between OZ Minerals, Beach Energy and Thiess Mining (Prominent Hill).

Lost time injury frequency rate (LTIFR)

A Lost Time Injury is a work-related injury or illness resulting in an absence from rostered work of at least one full day or shift any time after the day or shift on which the injury occurred. The LTIFR is the number of LTIs per million hours worked.

Megalitre (ML)

One megalitre is equal to one million litres.

Significant community issues

Key concerns raised by local community stakeholders that are a result of or strongly influenced by OZ Minerals' activities within operational control.

Significant incidents

Any occurrence that has actually resulted in or had the potential to result in consequences that have moderate to major impacts on safety, health, environment or the community. These are internally classified as Level 3 and above. In previous reports, safety-related significant incidents were referred to as high potential incidents.

Significant occupational exposures

Substances that potentially may present a significant health risk from exposure to OZ Minerals' Prominent Hill employees and similar exposure groups.

Site culture development strategy

A Prominent Hill initiative that enables employee and contractor management to define, assess and improve key areas to improve the overall safety culture.

Stakeholders

Any person, group or interested party that may be impacted by OZ Minerals' operations, activities or performance.

Tailings

Finely ground materials from which valuable minerals have been largely extracted.

Tailings storage facility (TSF)

Facility designed for the storage of tailings material produced during ore processing.

Total recordable injury frequency rate (TRIFR)

TRIFR is the total number of recordable injuries per million working hours. 'Recordable Injuries' include those that result in lost time, medical treatment and restricted work injuries. First aid injuries are not included.

Waste rock

Material such as soils, barren or uneconomic mineralised rock that surrounds a mineral orebody and must be removed in order to mine the ore.







OZ Minerals Limited

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www.linkmarketservices.com.au

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