

A modern mining company



15 November 2016

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

Dear Sir/Madam,

Corrections to Prominent Hill Mineral Resource and Ore Reserve Summary Tables in ASX Release

OZ Minerals wishes to advise that on page 2 of 7 of its ASX Release titled "Prominent Hill mine life extended to 2028", the classification of gold is incorrectly expressed as "Au Moz" in both tables. The correct classification is "Au Koz". A corrected ASX Release follows.

Sincerely,

A handwritten signature in black ink, appearing to be 'R Mancini', with a long horizontal flourish extending to the right.

Robert Mancini

Company Secretary and Head of Legal

15th NOVEMBER 2016

Prominent Hill mine life extended to 2028

- Underground mine life extended to 2028, with a sustained annual rate of 3.5-4.0 Mtpa
- Underground Ore Reserve estimate up over 40% with associated mining costs projected to be in bottom half of cost curve
- Resource to reserve conversion drilling programs and productivity improvements to continue

OZ Minerals' Prominent Hill mine will continue to operate through to at least 2028; underpinned by the release today of a new mine strategy and updated Mineral Resource and Ore Reserve estimate (see table below).¹

Prominent Hill's 2016 Mineral Resource estimate reduced marginally from the 2015 update with the Ore Reserve estimate increasing despite mining depletion, due to underground Ore Reserve growth.

The significant increase in the underground Ore Reserve estimate is driven by a combination of:

- ongoing drill programs targeting increased volumes of higher confidence Mineral Resource;
- mine planning initiatives which have seen the deepening of the underground mine by 150 metres, along with lateral extensions; and
- reduction in cut-off grade driven by successful cost saving initiatives.

Underground production of 2.0-2.2 Mtpa is forecast to lift to 3.5-4.0 Mtpa by 2019, with mining costs projected to be in the bottom half of the cost curve.

This will see the Prominent Hill processing plant continue to operate at the current capacity until mid-2023 by processing stockpile and underground ore, prior to running full time at a milling capacity of circa 3.5-4.0 Mtpa to 2028. Projected capital costs to de-rate the plant to the lower 4.0 Mtpa capacity are approximately \$5 million.

OZ Minerals CEO Andrew Cole commented: "Today's release provides a definitive statement about the strong future for Prominent Hill. This is a long-life asset that will continue to deliver revenue as proposed new projects come on stream."

The mine life extension to at least 2028 directly benefits local communities and shareholders. It will boost the region's economic development and refutes any perception that Prominent Hill faces a short-term future. And given we are continuing resource to reserve conversion drilling there is the potential for further extensions to the timeline we have announced today.

While the open pit will ramp down, the ore stockpiles we continue to build and the growth in our underground mining operations, will see Prominent Hill remain one of Australia's largest sources of copper."

Summary of Prominent Hill Mineral Resource estimates as at 01 July 2016*

	Classification	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Koz	Ag Moz
Copper Mineral Resource	Measured	46	1.4	0.5	3.5	640	690	5.2
	Indicated	37	1.1	0.7	2.7	410	790	3.2
	Inferred	64	1.1	0.6	2.5	700	1,170	5.2
	Total	148	1.2	0.6	2.9	1,750	2,640	13.6
Gold Mineral Resource	Measured	13	0.1	0.7	2.3	14	320	1.0
	Indicated	4	0.0	1.8	1.1	2	240	0.2
	Inferred	7	0.0	2.0	0.6	3	460	0.1
	Total	25	0.1	1.3	1.6	19	1,020	1.3

Summary of Prominent Hill Ore Reserve estimates as at 01 July 2016*

	Classification	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Koz	Ag Moz
Copper Ore Reserves	Proved	36	1.3	0.5	3.5	480	520	4.0
	Probable	23	1.1	0.7	2.7	250	520	2.0
Gold Ore Reserves	Proved	13	0.1	0.7	2.3	14	320	1.0
	Probable	2	0.1	1.0	1.5	1	62	0.1
All Ore Reserves	Proved	49	1.0	0.5	3.2	490	840	5.0
	Probable	25	1.0	0.7	2.6	250	580	2.1
	Total	75	1.0	0.6	3.0	740	1,400	7.1

*Table subject to rounding errors.

For further information, please contact:

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Forward Looking Statements

Some statements in this announcement are forward-looking statements. Such statements include, but are not limited to, statements with regard to capacity, future production and grades, projections for sales growth, estimated revenues and reserves, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment and may be (but are not necessarily) identified by the use of phrases such as “will”, “expect”, “anticipate”, “believe” and “envisage”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside OZ Minerals’ control. Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation.

Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements which speak only as at the date of this announcement. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, OZ Minerals does not undertake any obligation to publicly release any updates or revisions to any forward looking statements contained in this presentation, whether as a result of any change in OZ Mineral’s expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

¹The Production Targets referred to in this ASX release in so far as they relate to the entire Prominent Hill Asset are based on 46% Proved Ore Reserves, 40% Probable Ore Reserves, 0% Measured Mineral Resources, 3% Indicated Mineral Resources and 11% Inferred Mineral Resources. In so far as they relate to production targets only for the Underground, are based on 47% Proved Ore Reserves, 33% Probable Ore Reserves, 0% Measured Mineral Resources, 4% Indicated Mineral Resources and 16% Inferred Mineral Resources. The modifying factors used in the estimation of the Ore Reserve were also applied to the Mineral Resources in the generation of the production target. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production targets will be realised.

The material assumptions used in the estimation of the production targets and associated financial information are summarised below. More detailed information on the material assumptions can be found in the attached appendix - Prominent Hill 2016 Mineral Resource and Ore Reserve Statement and Explanatory Notes, as at 1 July 2016 released on 15 November 2016.

Production Target Material Assumptions

Criteria	Commentary
Ore reserve / mineral resource estimate underpinning the production targets	The production targets in this announcement are underpinned by the Mineral Resource and Ore Reserve estimates in the Prominent Hill Mineral Resource and Ore Reserve Statement as at 1 July 2016 (both released on the date of this announcement). These estimates were prepared by Competent Persons in accordance with the JORC Code 2012.
Cut-off parameters	Open Pit Copper resources are defined as mineralisation with a grade of at least 0.25 percent copper. All other mineralisation is potentially gold ore. The cut-off grade used for copper ore was the non-mining break-even grade, taking into account site operating and sustaining capital costs. Expressed as a Net Smelter Return (NSR) or mine gate value, the cut-off used was \$14 / tonne ore. The breakdown of the cut-off grade is shown below.

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	<p>The cut-off grade for gold ore was 0.5 grams per tonne gold.</p> <p>Open Pit Cut-off Grades</p> <table> <tr> <th>Item</th><th>\$ / ore tonne</th></tr> <tr> <td>Ore Rehandle / Grade Control</td><td>1.80</td></tr> <tr> <td>Ore Processing</td><td>10.00</td></tr> <tr> <td>Administration</td><td>1.50</td></tr> <tr> <td>Total</td><td>13.30</td></tr> <tr> <td>Ore Cut-off (rounded up)</td><td>14.00</td></tr> </table> <p>Underground</p> <p>Stopes designs are based on a value-driven cut-off. This was determined after the generation of multiple cut-off scenarios and assessing each on the basis of their inherent value within the business. Stopes in Ankata were designed to a \$65 NSR shell and those in Malu were designed to an \$75 NSR shell.</p> <p>Post initial design, a detailed review of underground mining costs and future processing and administration costs was conducted with the integration of the Ankata and Malu underground areas. The review indicated that the life-of-mine operating costs for the integrated mine would be \$67 per tonne of ore including sustaining capital costs. Stope design grades are subject to review as part of the ongoing optimisation of the integrated underground. The breakdown of the breakeven cut-off grade is shown in below.</p> <p>Underground Cut-off Grade</p> <table> <tr> <th>Item</th><th>\$ / ore tonne</th></tr> <tr> <td>Mining</td><td>52.80</td></tr> <tr> <td>Ore rehandle</td><td>1.00</td></tr> <tr> <td>Ore Processing</td><td>10.80</td></tr> <tr> <td>Administration</td><td>2.00</td></tr> <tr> <td>Total</td><td>66.60</td></tr> <tr> <td>Cut-off rounded up to</td><td>67.00</td></tr> </table> <p>Only stopes with an NSR value greater than \$67 per tonne were included. Development material of NSR greater than \$14 per tonne and either 0.25% Cu or 0.5g/t Au was classified as ore.</p>	Item	\$ / ore tonne	Ore Rehandle / Grade Control	1.80	Ore Processing	10.00	Administration	1.50	Total	13.30	Ore Cut-off (rounded up)	14.00	Item	\$ / ore tonne	Mining	52.80	Ore rehandle	1.00	Ore Processing	10.80	Administration	2.00	Total	66.60	Cut-off rounded up to	67.00
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Mining factors or assumptions	<p>Open Pit</p> <p>The production profile was based on a conventional open pit mining operation using drilling and blasting and large excavators loading off-highway trucks, the method currently employed at Prominent Hill. A minimum ore mining width of five metres was assumed which is appropriate for the size of equipment employed at Prominent Hill.</p> <p>The final pit design was based on a Whittle™ optimised pit using the latest pit slope parameters recommended by OZ Minerals and its geotechnical consultants and mining cost estimates derived from the current mining contract. The final pit design is subject to regular review.</p> <p>Overall wall slopes are approximately 35 degrees in the northern region of the pit and 43 degrees in the southern region of the pit. Detailed geotechnical criteria were used for the pit designs. There is a program of monitoring and control of the pit slopes.</p> <p>Stockpiled ore at 1 July 2016 comprised 7.0 million tonnes of copper ore and 13.4 million tonnes of gold ore.</p>																										

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	Modifying factors are applied to the copper and gold ore tonnes and contained metal tonnes. The call factors are set annually using data drawn from reconciliations between ore processed, ore predicted by the Resource model and ore predicted by grade control.																																																		
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	Geotechnical assumptions are based on work completed by Beck Engineering (BE), and confirmatory work by OZ Minerals engineering and geotechnical personnel based on observations made during mining.																																																		
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Metallurgical factors or assumptions	<p>The Prominent Hill processing plant has been operating since February 2009 and comprises a conventional crushing, grinding and flotation circuit to recover copper, gold and silver to produce a high quality concentrate. The plant can process approximately ten million tonnes per annum subject to the ore blend. The current life of mine schedule has the plant running at that capacity until the end of 2019 when open pit copper ore stocks are depleted.</p> <p>From 2019- 2023, throughput will be approximately nine to ten million tonnes per annum with a high proportion of stockpiled open pit gold ore. On exhaustion of gold ore stocks the plant will be fed with underground ore alone.</p> <p>Plant turndown studies indicate that the plant can be reconfigured to run continuously at two to four million tonnes per annum dependent on the blend of copper and gold ores. If necessary, lower throughputs can be processed in batches providing the ability to process ore at a range of underground production rates.</p> <p>The metallurgy of the ore types is well understood. The performance of open pit and underground ores is similar. The metallurgical recoveries used for each ore type are shown below.</p> <p>Metallurgical Recoveries</p> <table><tr><td>Ore Type</td><td>Metal</td><td>Grade</td><td>Recovery %</td></tr><tr><td rowspan="3">Copper ore</td><td>Copper</td><td>> 0.25% Cu</td><td>87.6</td></tr><tr><td>Gold</td><td></td><td>76.1</td></tr><tr><td>Silver</td><td></td><td>75.0</td></tr><tr><td rowspan="3">Gold ore</td><td>Copper</td><td></td><td>87.6</td></tr><tr><td>Gold</td><td>> 0.5g/t Au</td><td>76.1</td></tr><tr><td>Silver</td><td></td><td>75.0</td></tr></table> <p>The production target was based on a combination of ore blending, concentrate blending, flotation treatment in the existing plant, utilisation of additional offsite treatment and marketing options to manage ore of higher uranium grades.</p>	Ore Type	Metal	Grade	Recovery %	Copper ore	Copper	> 0.25% Cu	87.6	Gold		76.1	Silver		75.0	Gold ore	Copper		87.6	Gold	> 0.5g/t Au	76.1	Silver		75.0
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Infrastructure	<p>Prominent Hill is an operating mine and has the majority of necessary infrastructure in place for its continued operation.</p> <p>As the production rate increases in the Malu area it will become necessary to increase the backfill capacity. Studies due to commence shortly will confirm the most appropriate solution, currently assumed to be the construction of a backfill plant.</p>																								
Costs	<p>Prominent Hill is an operating mine and capital expenditure (excluding underground capital development) is largely limited to that required to sustain the operation. The only outstanding capital costs are those associated around the expansion of the Malu backfill system and expansion of the Malu dewatering system.</p> <p>Operating costs are based on:</p> <ul style="list-style-type: none">Forward looking estimates based on current contracts for open pit and underground miningHistorical averages achieved <p>Off-site concentrate costs are detailed in the discussion of Revenue Factors.</p> <p>Royalties currently run at five percent of revenue less all costs (including transport) of converting concentrate into metals.</p>																								

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Revenue factors	Production estimates are based on the life-of-mine (LOM) economic parameters. These parameters are shown below. They are drawn from OZ Minerals LOM Corporate Economic Assumptions.																																	
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	<table><tr><th>Parameter</th><th>Units</th><th>LOM</th></tr><tr><td>Copper</td><td>US \$ / lb</td><td>2.94</td></tr><tr><td>Gold</td><td>US \$ / oz</td><td>1281</td></tr><tr><td>Silver</td><td>US \$ / oz</td><td>19</td></tr><tr><td>Concentrate Load and Transport</td><td>AU \$ / t</td><td>207</td></tr><tr><td>Concentrate Sea Freight</td><td>US \$ / wmt</td><td>67</td></tr><tr><td>Copper Concentrate Smelting</td><td>US \$ / dmt</td><td>80</td></tr><tr><td>Copper Refining</td><td>US \$ / lb</td><td>0.08</td></tr><tr><td>Gold Refining</td><td>US \$ / oz</td><td>5.00</td></tr><tr><td>Silver Refining</td><td>US \$ / oz</td><td>0.50</td></tr><tr><td>Exchange Rate</td><td>AUD / USD</td><td>0.75</td></tr></table>	Parameter	Units	LOM	Copper	US \$ / lb	2.94	Gold	US \$ / oz	1281	Silver	US \$ / oz	19	Concentrate Load and Transport	AU \$ / t	207	Concentrate Sea Freight	US \$ / wmt	67	Copper Concentrate Smelting	US \$ / dmt	80	Copper Refining	US \$ / lb	0.08	Gold Refining	US \$ / oz	5.00	Silver Refining	US \$ / oz	0.50	Exchange Rate	AUD / USD	0.75
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