

## Fourth Quarter Report 2016

FOR THE THREE MONTHS ENDING 31 DECEMBER 2016

OZ Minerals Contained Metal Production	FY 2016 Guidance	Mar Q1 2016	Jun Q2 2016	Sep Q3 2016	Dec Q4 2016	Dec YTD 2016
Total Copper (Tonnes)	115,000 - 125,000	31,018	27,350	28,756	29,758	116,882
Total Gold (Ounces)	115,000 - 120,000	27,563	30,099	28,466	32,205	118,333
C1 Cash Costs (US cents/lb)	70 - 80	75.3	72.0	70.7	77.9	74.1

### Annual production targets achieved, cash up, copper guidance lifted

- Copper guidance achieved for 2016 and for the second consecutive year
- Gold production within revised full year guidance and up 13% quarter on quarter
- Cash lifts to \$656 million (unaudited) from \$509 million in the prior quarter
- 2016 C1 costs of US 74.1 c/lb within guidance; annualised procurement cost savings of more than \$40 million achieved
- 2017 copper production guidance confirmed and lifted for 2018 and 2019
- Prominent Hill mine life extended to 2028 driven by growth in underground Ore Reserve of more than 40%

"The actions we've taken over the past 12 months in executing our strategy have positioned us strongly for the year ahead and beyond" said OZ Minerals CEO Andrew Cole.

"Prominent Hill demonstrated its operating discipline delivering on copper guidance in the face of a major state-wide power outage which resulted in 15 days of lost production during the second half of 2016.

"Prominent Hill mine life has been extended following a 40 per cent increase in underground Ore Reserve, confirming it as a long life asset. In Carrapateena we have one of the few proposed new copper mines globally with work starting on the access decline at the end of September 2016 and proceeding to plan.

"With a further two earn-in agreements signed in the last quarter we now have six separate joint ventures in place with experienced exploration companies to identify potential new opportunities.

"The company's cash position is robust and grew 29 per cent quarter on quarter to \$656 million. We continue to take a rigorous approach to capital discipline with C1 costs for 2016 within our guidance range and annual procurement cost savings of more than \$40 million achieved.

"As we head into 2017 OZ Minerals is leaner and more agile with diverse opportunities ahead.

"Copper guidance provided last year is confirmed for 2017 and production estimates have been lifted by a total of 30,000 tonnes through to 2019<sup>1</sup>. Gold production guidance has been lowered as we prioritise copper given its stronger margins."



**Andrew Cole, Managing Director and CEO**

<sup>1</sup> A proportion (11%) of each of these production targets is based on Inferred Mineral Resources. 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 themselves will be realised. These production targets must be read in conjunction with the full production targets cautionary statement on page 11.

## SAFETY

OZ Minerals' total recordable injury frequency rate per million hours worked was 6.71 at the end of December 2016 compared to 6.30 at the end of the prior quarter. The increase was primarily attributable to the underground with the rest of the operation continuing to operate recordable injury free during the quarter. An integrated safety improvement plan incorporating safety leadership and an externally led safety behaviours program targeting employee engagement continued, resulting in a reduction in underground high potential incidents and total injuries.

Pleasingly, numerous OZ Minerals site based departments and contract partners including Thiess, Sodexo, Cube Bulk, SGS, Boart Longyear and Orica have ended the year more than one-year recordable injury free. Orica is now 10 years' recordable injury free working at Prominent Hill – a demonstration of the ability to consistently work safely, every day.

## PROMINENT HILL OPERATIONS

### Overview

Prominent Hill continued its strong performance with 29,758 tonnes of copper production for the quarter, resulting in annual production of 116,882 copper tonnes.

Gold production of 32,205 ounces was 13 per cent higher than the prior quarter, driven by a higher head grade and higher recovery.

All key physical and cost guidance metrics were achieved for 2016.

The impacts of the South Australian blackouts and extended loss of power to Prominent Hill from 28 September to 13 October resulted in 292 hours of lost processing production during the quarter and 354 hours in H2 2016. While open pit operations were unaffected during this time, underground activity was restricted.

Life of Mine dewatering infrastructure, installed and tested during the previous quarter, was utilised to mitigate the impact to 83 hours lost productivity following a high volume rainfall event (88mm) late in December.

An updated Mineral Resource and Ore Reserve estimate and associated mine plan was released during the quarter which included a 40 per cent increase in the underground Ore Reserve estimate. The increase has been the result of drilling programs aimed at converting Mineral Resource to Ore Reserves, efficiency improvements and cost saving initiatives which, combined with cut-off grade optimisation, lead to further value being unlocked from Prominent Hill. The underground mine life has now been extended through to 2028 with a sustained annual production rate from 2019 of 3.5-4.0Mtpa<sup>2</sup>.

For operating and cost statistics please refer to Tables 1 and 2 on pages 9 and 10 of this report.

### Mining

#### Open Pit

Ore mined in the quarter was 3.9Mt, consisting of 3.3Mt of copper-gold ore and 0.6Mt of gold only ore. Waste material movement of 2.9Mt was in line with the prior quarter.

The strip ratio decreased to 0.7:1 from 1:1 in the prior quarter, as a result of a short term variance associated with planned face advance development, resulting in a full year strip ratio of 1:1 as per guidance.

Life of Mine dewatering infrastructure which was installed and tested during the previous quarter was utilised to mitigate the impact of a high volume rainfall event late in December.

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<sup>2</sup> These production targets must be read in conjunction with the full production targets cautionary statement on page 11.

Implementation of the single lane ramp design began in the quarter as part of the pit design changes announced in the Prominent Hill 2016 Mineral Resource and Ore Reserve estimate. This will enable the open pit to access an additional circa two million tonnes of ore.

Planning is underway for the next open pit fleet demobilisation, expected in Q2 2017. This will result in the reduction of a further five open pit trucks to the final fleet of 12 trucks and the utilisation of a smaller scale primary excavator.

## Underground Operations

Underground operations delivered high grade copper ore of 597kt at 2.13 per cent copper, with annual ore production within guidance range. Ore tonnage mined was the highest on record for the underground mine, despite impacts from the loss of power to site, assisted by 233kt of underground ore and waste being re-handled from the temporary haulage access at the base of the pit to the run-of-mine pad and waste dump. This access has now reverted to provide long term underground ventilation infrastructure.

Waste movement reduced by 20 per cent relative to previous quarters, driven by reduced waste development in early October associated with the state-wide power outage. An agile response to this event early in the quarter, involving re-routing site power and installing temporary power generation, combined with a focus on ore production limited the impact on the production profile.

The second decline access progressed well with 713 metres of decline development (853 metres inclusive of associated infrastructure development) completed to date. Development completion is now scheduled for Q3 2017.

Productivity improvements in the quarter focused on stope blasting to reduce the number of firings per stope and improve fragmentation. Life of Mine infrastructure installation has continued, with a review of the Malu pump station design resulting in a 10 per cent reduction in expected capital expenditure for the build which is now planned for H1 2017. Paste plant infrastructure augmentation successfully implemented in the quarter also enables up to circa 20 per cent reduction in cement usage for future pastefill.

## Processing

There were 2.3Mt of ore milled for the quarter, which was only three per cent lower than the prior quarter despite 292 hours lost due to the unplanned shutdown resulting from the power outage.

The repaired SAG mill girth gear has continued to perform well to date with ongoing monitoring programs in place confirming sound performance of the repair. A replacement girth gear is stored onsite with contingency plans in place should a change be required.

An independent plant maintenance audit performed in the quarter has highlighted current strengths associated with safety, organisational structure and long term planning while identifying opportunities in procurement, work planning and the use of technology.

Plant recoveries continued to be high at 87.5 per cent for copper and 74.6 per cent for gold. Copper content in concentrate produced was higher than the prior quarter at 48.9 per cent. The lower annual ore tonnage milled relative to the preceding calendar year reflects the combination of two key events, the power outage (354 hours in H2 2016) and SAG mill girth gear (179 hours).

## Costs

C1 cash costs of US 77.9c/lb were higher than the prior quarter, with year to date C1 cost at US 74.1c/lb, within full year guidance.

Costs were higher than the prior quarter with higher mining costs, a smaller mining deferral and slightly higher TCRC and transport costs partially offset by lower processing costs.

Open pit mining unit costs were lower at \$6.25/t for the quarter predominantly due to higher tonnages mined. The cost focus and improved performance was evidenced by full year costs of \$6.20/t which were below guidance of \$6.40 - \$6.60/t. The strip ratio was 0.7:1, which was a decrease from 1:1 in the prior quarter and resulted in a smaller mining cost deferral. The full year stripping ratio was in-line with guidance.

Fourth quarter underground operating costs of \$50/t mined were lower than the prior quarter. The full year cost was \$53/t mined which was within guidance (\$45-\$55/t mined).

Ore stockpiles continued to grow during the quarter with more tonnes mined and milling slightly lower than Q3.

A higher depreciation expense was incurred this quarter predominantly driven by more tonnes mined, with a corresponding increase in capitalisation of depreciation expense into inventory.

## Sales and Marketing

Shipments of Prominent Hill concentrates for the quarter totalled 59,211 dry metric tonnes, containing 29,098 tonnes copper, 25,637 ounces of gold and 217,085 ounces of silver.

Shipments of Prominent Hill concentrates for the full year (including minor adjustments for finalisation of invoices) totalled 232,175 dry metric tonnes, containing 112,303 tonnes copper, 109,780 ounces of gold and 822,058 ounces of silver.

## CARRAPATEENA PROJECT

The Carrapateena project is proceeding to plan with the Pre-Feasibility study (PFS) released during the quarter demonstrating project metrics improved or in line with the Scoping Study. The PFS lifted the proposed annual production rate to 61,000 tonnes of copper and 63,000 ounces of gold with the mine operating 20-plus years at an estimated average production rate of 4Mtpa<sup>3</sup>. Confidence has grown in developing this world-class asset with the project's robust economics, increased projected output and lowering of production costs.

With the successful completion of the PFS, the OZ Minerals Board approved the project to progress to Feasibility Study which will deliver an increased level of detail and definition for the project. As previously advised the study will be ready by the end of Q1 for the Board to consider funding the next stage of the project in early Q2.

The project reached a further milestone during the quarter with the 2016 drilling program resulting in 46 per cent of the Mineral Resource estimate being elevated to the Measured classification. The updated Mineral Resource estimate forms the basis for the Feasibility Study.

Development of the Tjati Decline is well underway with over 450m completed. The commitment to safety is yielding positive results with no recordable injuries occurring during the quarter. Tender packages for the Engineering, Procurement and Construction of the minerals processing plant were issued during the quarter with keen interest shown by the market.

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<sup>3</sup> These production targets were previously reported in the announcement entitled 'Confidence in Carrapateena project grows' released to the ASX on 7 November 2016. OZ Minerals confirms that all material assumptions underpinning the production targets in that announcement continue to apply and have not materially changed.

The Concentrate Treatment Plant (CTP) is undergoing a parallel but separate study process. Feasibility level engineering of the CTP continued and has now progressed to the cost estimate phase and site options are being assessed.

Approval submissions to the State and Federal Governments are progressing and a partnering agreement with the traditional owners, the Kokatha Aboriginal Corporation, was signed during the quarter. Community consultation has also commenced in preparation for Mining Lease submission.

Unaudited expenditure for Q4 relating to the Carrapateena project was \$19.0 million. As previously announced all Carrapateena expenditure is being capitalised from 1 July 2016.

## WEST MUSGRAVE PROJECT

Significant progress was made during the quarter after the successful execution of the joint venture agreement in early October. A 670m five-hole PQ metallurgical drill program was completed and all core was dispatched and processed in Perth. The samples generated were selected following a detailed review of the geometallurgy and selection of samples that are both spatially and domain representative of the Nebo and Babel deposits. These samples form the basis of a detailed metallurgical test work program that has commenced under the management of GR Engineering. The metallurgical test work is aimed at optimising metal recovery (Ni and Cu) for the various ore types present in the Nebo-Babel deposit, optimising flowsheet options and updating of the metallurgical model.

The Scoping Study focus is on improvements in metallurgical recovery and increases to operational scale to optimise the project parameters. Further definition of additional studies to be completed during the Scoping Study has been completed and works are expected to be commissioned in February 2017. Field activities at West Musgrave are due to re-commence in late March 2017, with infill and extensional drilling at Nebo-Babel an immediate focus to enable further resource delineation as a part of the Scoping Study.

Exploration drilling was undertaken at the Babylon Prospect, which forms part of the Succoth deposit, and One Tree Hill prospect. Drilling at One Tree Hill targeted an off-hole EM conductor and intersected a significant sulphide zone. Assay results have confirmed the significant discovery of magmatic Cu-PGE-Ni style mineralisation, similar to the Succoth and Nebo-Babel Deposits. Drill hole CZD0017 returned 34m @ 1.05% Cu from 332m, including a massive sulphide zone of 3.2m @ 2.16% Cu, 0.58% Ni, 0.10% Co and 1.0 g/t PGE from 344.6m<sup>4</sup> coinciding with the targeted down hole electro-magnetic (DHEM) plate. Mineralisation remains open in most directions and further geophysics and drilling is warranted.

At the Babylon prospect, a 792m deep hole was drilled to test for the primary source of remobilised nickel intersected in near-surface historical drilling. The hole failed to intersect the mineralised host rock suggesting a change in the plunge of the host intrusion. The source of the remobilised nickel remains unresolved. Downhole EM will be used to assist further targeting.

## EXPLORATION AND GROWTH

OZ Minerals' joint venture partner Toro Energy Limited commenced drilling at the Yandal One Nickel Prospect in Western Australia during the quarter as part of the low cost exploration program to explore for nickel sulphides on two tenements located near Toro's Lake Maitland Uranium project.

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<sup>4</sup> This information is extracted from the announcement by Cassini Resources Limited release titled "One Tree Hill results confirm significant discovery" released on 23 January 2017 and is available at <http://www.cassiniresources.com.au/investor-relations/asx-announcements>. OZ Minerals is not aware of any new information or data that materially affects the information included in that announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

A heads of agreement was also signed with privately-owned explorer, Red Tiger Resources, to undertake an exploratory drilling program at the Intercept Hill prospect, 30 kilometres north-west of Carrapateena.

Drilling as part of the Mt Woods JV continued during Q4 with a second hole being completed at the Orion prospect, intersecting graphitic schists with pyrite and pyrrhotite with no appreciable base metal mineralisation. A follow up hole at the Bellatrix prospect to the immediate north-west of Orion intersected a hybrid ISCG-IOCG system returning 9m @ 0.41% Cu from 242m<sup>5</sup>. The mineralisation is found within pyrrhotite matrix breccias (ISCG) and magnetite-pyrite-chalcopyrite skarns (IOCG). The last two holes for the program were drilled at the Jupiter geophysical anomaly intersecting ISCG style pyrrhotite matrix breccia returning 15m @ 0.21% Cu from 225m<sup>6</sup>. Further analysis of results and target generation is ongoing.

The Eloise JV completed an additional four diamond drill holes testing the Iris copper-gold system and an infill EM program. Drilling successfully intercepted sulphide rich breccia and string zones in all four holes. The best results from the complete six drill hole program were:

- EL16D05 38m@0.47% Cu and 0.08g/t Au from 195m<sup>7</sup>
- EL16D07 5.8m@0.48% Cu and 0.06g/t Au from 277m<sup>8</sup>
- EL16D08 26m@0.73% Cu and 0.61g/t Au from 168m, including 0.4m@12.35% Cu and 14.3g/t Au from 175.3m<sup>9</sup>
- EL16D09 40m@0.25% Cu and 0.06g/t Au from 390m<sup>10</sup>

An in-fill ground EM program was completed along 4km of strike to better define the Electra anomaly. The EM lines were spaced at 200m for 18 line km, with stations spaced at 50m intervals. Electra resolved as a single conductor with strike of 1,400m from 470m below surface with a conductance response of 1,100 Siemens. OZ Minerals plans to be drilling the Iris copper gold system and the Electra geophysical anomaly in late Q1 / early Q2 2017 after the cessation of the Queensland wet season.

Target generation was undertaken by our partner, Mithril Resources. Work focussed on re-logging drill core located in the SA core library and interpretation of existing geological datasets. This work will be further refined when the high resolution geophysics survey, sponsored by the South Australian Department of State Development and a 12-hole drill program, sponsored by Pace Copper in conjunction with Geoscience Australia, is completed in H1 2017.

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<sup>5</sup> This information is extracted from the announcement by Minotaur Exploration Limited titled "Exploration for IOCG and ISCG copper gold giants" released on 2 December 2016 and is available at [www.minotaurexploration.com.au/investor-information/asx-announcements](http://www.minotaurexploration.com.au/investor-information/asx-announcements). OZ Minerals is not aware of any new information or data that materially affects the information included in that announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

<sup>6</sup> See footnote 5

<sup>7</sup> This information is extracted from the announcement by Minotaur Exploration Limited titled "First assays for Iris copper prospect, Cloncurry" released on 19 October 2016 and is available at [www.minotaurexploration.com.au/investor-information/asx-announcements](http://www.minotaurexploration.com.au/investor-information/asx-announcements). OZ Minerals is not aware of any new information or data that materially affects the information included in that announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

<sup>8</sup> This information is extracted from the announcement by Minotaur Exploration Limited titled "Iris-Electra results confirm copper-gold potential" released on 24 November 2016 and is available at [www.minotaurexploration.com.au/investor-information/asx-announcements](http://www.minotaurexploration.com.au/investor-information/asx-announcements). OZ Minerals is not aware of any new information or data that materially affects the information included in that announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

<sup>9</sup> See footnote 8

<sup>10</sup> See footnote 8

The Yandal One JV completed an airborne geophysical survey and a 3,701m RC drilling program during the quarter. Drilling comprised of 19 holes on 4 lines testing a 2.4km long target zone. The target comprised of an ultramafic unit with historical drill intercepts of up to 0.45% nickel<sup>11</sup> and coincident magnetic anomaly. Assays are expected in early Q1 2017.

Following the withdrawal from all of its Jamaican exploration interests in September, OZ Minerals continued to work with its partner during Q4 to ensure a smooth transition of ownership of the project.

Unaudited exploration expenditure for Q4 was \$6.7 million.

## CORPORATE

The \$60 million share buyback program continued with a further \$3.7 million spent during the quarter. A total of 4.8 million shares have been repurchased for \$29.9 million at an average share price of \$6.23.

The gold hedging strategy implemented in April was extended by another 9,944 ounces during the quarter, bringing the total amount of gold hedged to 200,263 ounces at an average price of A\$1,731. Full exposure to the spot gold price continues to be maintained until mid-2018.

The December quarter saw further progress in building simplified systems and processes as the company moves towards a lean, devolved business model, with the successful transition to a new ERP system and completion of all staff training in preparation for the new financial year. The technology refresh across the company has been completed with the roll out of a new suite of internal communication tools. The company continues to simplify governance practices through the review and revision of company standards, a project to be completed by mid-2017.

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<sup>11</sup> This information is extracted from the announcement titled "OZ Minerals to drill for nickel near Mount Keith" released on 11 December 2015 and is available at [www.ozminerals.com/uploads/media/151211\\_ASX\\_Release\\_Toro\\_Farm\\_In\\_Agreement\\_Release.pdf](http://www.ozminerals.com/uploads/media/151211_ASX_Release_Toro_Farm_In_Agreement_Release.pdf). OZ Minerals is not aware of any new information or data that materially affects the information included in that announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

## Corporate Information

### Webcast

As is OZ Minerals' established practice, a presentation associated with this Quarterly Report will be broadcast at 10am (AEDT) on the day that the Report is lodged with the ASX. Access to this live broadcast is available to all interested parties via the OZ Minerals website ([www.ozminerals.com](http://www.ozminerals.com)) and is archived on the website shortly thereafter for ongoing public access. The date of each Quarterly Report presentation is announced in advance and can be found on the OZ Minerals' website.

While we will endeavour to release the Report on the date provided in advance, we may bring the announcement forward if the relevant information is finalised earlier than expected or delay the Report if information is not final.

### Issued Share Capital at 27 January 2017

Ordinary Shares	298,664,750
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### Share Price Activity for the December Quarter (Closing Price)

High \$8.56
Low \$5.77
Last \$9.16 (27 January 2017)
Average daily volume 2.5 million shares

### Share Registry

Link Market Services Limited  
Tower 4, 727 Collins Street  
Docklands VIC 3008  
Telephone Australia: (+61) 1300 306 089  
Facsimile: +61 (2) 9287 0303  
[registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

### Registered Office

Level 1, 162 Greenhill Road  
Parkside, South Australia, 5063, Australia  
Telephone: +61 (8) 8229 6600  
Fax: +61 (8) 8229 6601

### Investor and Media Enquiries

#### Investors

Tom Dixon  
Investor Relations Advisor  
Telephone: +61 (8) 8229 6628  
Mobile: +61 (0) 450 541 389  
Email: [tom.dixon@ozminerals.com](mailto:tom.dixon@ozminerals.com)

#### Media

Chris Fogarty  
Telephone: +61 (8) 8229 6600  
Mobile: +61 (0) 420 928 824  
Email: [chris.fogarty@ozminerals.com](mailto:chris.fogarty@ozminerals.com)



## OZ Minerals Prominent Hill Production and Costs

Table 1: Operating Statistics

		Q1 2016	Q2 2016	Q3 2016	Q4 2016	YTD 2016
MINED (TONNES)	MALU OP COPPER-GOLD ORE	3,876,362	2,920,342	2,586,136	3,270,459	12,653,299
	MALU OP GOLD-ONLY ORE	634,576	735,938	420,715	648,556	2,439,785
	UNDERGROUND TOTAL ORE	498,470	530,871	513,329	596,653	2,139,323
	WASTE	5,914,866	2,973,644	2,996,644	2,851,351	14,736,505
<b>MINED GRADE SOURCE</b>						
MALU OP - COPPER-GOLD ORE	COPPER (%)	1.12	0.99	1.05	0.96	1.04
	GOLD (G/T)	0.46	0.57	0.46	0.54	0.51
MALU OP - GOLD-ONLY ORE	COPPER (%)	0.11	0.10	0.18	0.11	0.12
	GOLD (G/T)	1.08	0.95	0.91	0.82	0.94
UNDERGROUND - TOTAL ORE	COPPER (%)	2.07	1.94	2.29	2.13	2.11
	GOLD (G/T)	0.41	0.55	0.62	0.63	0.56
ORE MILLED	(TONNES)	2,534,402	2,260,325	2,387,951	2,324,317	9,506,995
MILLED GRADE	COPPER (%)	1.40	1.42	1.40	1.46	1.42
	GOLD (G/T)	0.46	0.58	0.51	0.58	0.53
	SILVER (G/T)	3.63	3.92	3.70	4.05	3.82
RECOVERY	COPPER (%)	87.7	85.3	86.2	87.5	86.7
	GOLD (%)	73.4	71.8	72.0	74.6	73.0
	SILVER (%)	71.3	72.5	72.0	72.8	72.2
COPPER CONCENTRATE PRODUCED	TONNES	60,936	58,160	60,184	60,805	240,085
CONCENTRATE GRADE	COPPER (%)	50.9	47.0	47.8	48.9	48.7
	GOLD (G/T)	14.1	16.1	14.7	16.5	15.3
	SILVER (G/T)	107.7	110.5	105.8	112.7	109.2
CONTAINED METAL IN CONCENTRATES PRODUCED	COPPER (TONNES)	31,018	27,350	28,756	29,758	116,882
	GOLD (OZ)	27,563	30,099	28,466	32,205	118,333
	SILVER (OZ)	210,975	206,704	204,625	220,368	842,672
TOTAL CONCENTRATE SOLD	(DM TONNES)	48,530	60,994	62,527	59,211	231,262

Table 2: Operating Costs ('C1 Costs')

US Cents per pound	Q1 2016	Q2 2016	Q3 2016	Q4 2016	YTD 2016
Mining costs	98.3	88.2	80.0	83.4	87.6
Deferred mining	(20.2)	(4.4)	(10.3)	(7.2)	(10.8)
Ore inventory adjustment	(23.4)	(25.9)	(17.7)	(20.2)	(21.7)
<b>Total Mining costs</b>	<b>54.7</b>	<b>57.9</b>	<b>52.0</b>	<b>56.0</b>	<b>55.1</b>
Site processing costs	22.9	27.9	27.5	22.9	25.2
TC/RC and transport	41.7	45.3	48.4	54.1	47.4
Net By - Product credit	(51.0)	(67.1)	(64.7)	(63.4)	(61.3)
Other direct cash costs	7.0	8.0	7.5	8.3	7.7
<b>Total C1 costs</b>	<b>75.3</b>	<b>72.0</b>	<b>70.7</b>	<b>77.9</b>	<b>74.1</b>
Royalties	11.7	12.6	12.6	14.7	12.9
Other indirect costs	3.7	2.2	3.1	3.1	3.0
<b>Total cash costs</b>	<b>90.7</b>	<b>86.8</b>	<b>86.4</b>	<b>95.7</b>	<b>90.0</b>
D&A	104.4	108.4	92.4	112.3	105.5
Other non-cash costs (D&A capitalised into inventory)	(44.1)	(49.9)	(28.3)	(50.4)	(43.8)
Net realisable value adj. - low grade gold ore	0.0	3.2	3.7	5.9	3.3
<b>Total production costs</b>	<b>151.1</b>	<b>148.5</b>	<b>154.2</b>	<b>163.5</b>	<b>155.0</b>

Table 4: Guidance

<b>GUIDANCE</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>PROMINENT HILL:</b>			
COPPER PRODUCTION*	105,000 - 115,000 TONNES	90,000 - 100,000 TONNES	90,000 - 100,000 TONNES
GOLD PRODUCTION*	115,000 - 125,000 OUNCES	120,000 - 130,000 OUNCES	120,000 - 130,000 OUNCES
OPEN PIT TOTAL MOVEMENT	15Mt - 20MT	< 5MT	
OPEN PIT STRIP RATIO	CIRCA 0.5 TIMES	CIRCA 0.25 TIMES	
OPEN PIT UNIT MINING COSTS**	\$7.25 - \$7.75/TONNE		
UNDERGROUND ORE MOVEMENT	2.3 - 2.6MT		
UNDERGROUND UNIT MINING COSTS**	\$50 - \$60/TONNE		
UNDERGROUND CAPITAL EXPENDITURE	\$45 - \$55 MILLION (INC. DEVELOPMENT)		
SITE SUSTAINING CAPITAL EXPENDITURE	\$15 - \$20 MILLION		
ALL IN SUSTAINING COST	US 120c – US 130c/lb		
C1 COSTS (OP & UG)	US 85c – 95c/lb		
<b>OTHER:</b>			
EXPLORATION	\$10 - \$15 MILLION		
WEST MUSGRAVE SCOPING STUDY	CIRCA \$3 MILLION		

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

**\* Production Targets Cautionary Statement**

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

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

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

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

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

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

Further information on Prominent Hill Resources and Reserves is available in the document entitled "Prominent Hill 2016 Mineral Resource and Ore Reserve Statement and Explanatory Notes" which is annexed to the ASX Release entitled "Prominent Hill mine life extended to 2028" released on 15 November 2015 and available at <http://www.ozminerals.com/media/prominent-hill-mine-life-extended-to-2028-and-2016-mineral-resource-and-ore/>. OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.