

## Fourth Quarter Report 2015

FOR THE THREE MONTHS ENDING 31 DECEMBER 2015

OZ Minerals Contained Metal Production	September Q3 2015	December Q4 2015	YTD 2015
Total Copper (Tonnes)	33,518	<b>32,636</b>	130,305
Total Gold (Ounces)	23,817	<b>31,547</b>	113,028
C1 Cash Costs (US cents/lb)	74.3	<b>67.2</b>	70.1

### Record year of production – Upper end of guidance met

- Record safety performance with a TRIFR reduction to 5.30 (35% decrease from 2014)
- Strong operational finish to 2015 with a record year of production (2015: 130,305t Cu; 2010: 112,171t Cu)
- 2015 total copper production of 130,305 tonnes achieving upper end of guidance (126,000 to 131,000 tonnes)
- 2015 C1 cost US 70.1 c/lb at bottom of guidance range of US 70 – 80 c/lb
- 2015 open pit unit mining cost (inc. geology) \$5.70/t within guidance of \$5.60 - \$5.80/t
- Company debt free with A\$553 million in cash (unaudited)
- Three earn-in exploration deals announced in SA, WA and QLD
- Carrapateena high grade resource identified; project announcement in February 2016
- Hydromet demonstration completed with encouraging Cu in concentrate upgrade and impurity removal
- Cost reduction program well underway; in excess of \$5 million annualised savings already realised

"Prominent Hill had an excellent year in terms of safety, production and cost reduction," said Andrew Cole, Managing Director and CEO. "We've had a record year of production and even with the current state of commodity prices, Prominent Hill is generating very significant cash flows with healthy margins. Our focus in 2015, which is to become a lean business, has driven down our costs whilst improving our operational output and reliability. This sets us up for another strong year in 2016," said Mr Cole.


"Shipments of Prominent Hill concentrates for the quarter totalled 73,369 dry metric tonnes, containing 37,091 tonnes of copper, 29,870 ounces of gold and 223,822 ounces of silver. Our strong sales performance and customer focus continues to be well aligned with our copper production profile.

"It's great to see the open pit operating so well and the processing plant consistently working at 25% above its name plate capacity, in addition to the underground becoming more efficient," said Mr Cole. "We have embedded the lean way of doing business across OZ Minerals and our cost reduction program is well underway," said Mr Cole

As previously announced, a high volume 'Gold Trial' was also held in the last week of December 2015 to reconfirm the ability of the Prominent Hill plant to efficiently process our stockpiles of gold ore. The trial was indicative of the expected blend of ore that will be fed into the plant post 2020 when the open pit ceases operation and Prominent Hill transitions to underground operations only.

"The Gold Trial was very successful and demonstrated that our plant will be able to efficiently unlock the significant value in our gold ore stockpiles," said Mr Cole.

Separately in 2015, OZ Minerals struck three innovative exploration deals with Minotaur (Cloncurry and Gawler Craton) and Toro (Yandal One). An announcement was also made about an exciting new high grade Carrapateena resource and a decision will be made on the back of the scoping study by the end of February.



**Andrew Cole, Managing Director and CEO**

# OZ Minerals Quarterly Activities to 31 December 2015

## SAFETY

OZ Minerals' total recordable injury frequency rate per million hours worked was 5.30 at the end of December 2015, a six per cent decrease on the prior quarter (5.65). This is the lowest TRIFR since the commencement of Prominent Hill, with the final two months of the quarter recordable injury free.

Prominent Hill management continues to focus on active safety leadership with the encouragement of non-compliance self-reporting to improve the site safety culture. The thorough and timely investigation and audit of incident outcomes is driving continuous improvement in risk management.

The Mental Health in Mining initiative has been successfully introduced with participation from multiple functions across site.

## PROMINENT HILL OPERATIONS

### Overview

Prominent Hill has delivered another strong result with copper production of 32,636 tonnes for the quarter (130,305 tonnes for the 12 months to December). The ongoing robust performance has seen the upper end of copper production guidance of 126kt to 131kt achieved for 2015.

Gold production of 31,547 ounces for the quarter (113,028 ounces for the 12 months to December) has exceeded annual guidance of 100k to 110k ounces, with contributions from a high volume gold only ore trial conducted in late December.

The strong performance of the Open Pit was driven by improved excavator availability and continued schedule compliance.

Underground operations delivered the highest quarterly production of ore to date with 538kt mined.

For operating and cost statistics please refer to Tables 1 and 2 on pages 6 and 7 of this report.

### Mining

#### Open Pit

Ore mined in the quarter was 3.9Mt consisting of 3.1Mt of copper-gold ore and 0.8Mt of gold only ore.

Waste material movement in the fourth quarter was 8.5Mt, significantly below the prior quarter of 9.7Mt. The waste to ore strip ratio was 2.1:1 for the quarter, continuing to decline from 3.2:1 in the prior quarter. The Malu Open Pit strip ratio for 2015 was 3.1:1, which was slightly above guidance as continued high productivities saw increased tonnes mined, bringing forward future planned waste movement.

Maintenance planning initiatives focused on reliability through wear monitoring have continued to extend component life, enabling a reduction in planned maintenance events and an improvement in excavator availability.

Open pit stability de-risking activities progressed during the quarter with the completion of additional de-pressurisation wells. Separately, the successful drilling and installation of horizontal de-pressurisation holes in the south wall of the open pit continues to further mitigate the risk factors associated with wall instability.

Demobilisation of one excavator, 14 trucks and associated support fleet commenced as planned in Q1 2016, with the reduction in headcount of approximately 110 open pit contractors from site.

## Underground Operations

Underground operations delivered high grade copper ore of 538kt at 1.93% copper in the fourth quarter.

During the quarter, a plan to improve production commenced with a focus on efficiency gains in the mining cycle and improved equipment effectiveness. As a direct result, the underground fleet will be reduced by one unit in the coming quarter with the deferred arrival of a second truck, whilst still maintaining the planned production profile.

Initial studies during the quarter have confirmed the financial and operational benefits of a second decline with a separate announcement to be made soon.

## Processing

In the quarter, 2.8Mt of ore was milled, the highest quarterly throughput since commencement of operations.

Plant recoveries remained high at 88 per cent for copper and 71 per cent for gold. Copper content in concentrate produced was 49 per cent.

A one week high volume gold ore trial was conducted during December to assess the impact of a gold ore blend on throughput and recovery. A potential throughput of 9.5Mt<sup>1</sup> was estimated with the optimisation of crushing and grinding circuits, surpassing the results from trials conducted in 2013.

## Costs

C1 cash costs of production for the quarter were US\$67.2 c/lb of payable copper, lower than the previous quarter (US\$74.3 c/lb) primarily due to higher gold production as a result of higher feed grades and more ore milled. C1 costs for the 12 months to 31 December were US\$70.1 c/lb, at the bottom of the guidance range of US\$70-80 c/lb.

Open pit mining unit costs of \$5.61/t mined this quarter were in line with the previous quarter reflecting the cost control strategies and mining efficiencies achieved. An excavator, truck fleet and associated auxiliary equipment will be demobilised in the first quarter of 2016 and as a result the unit costs will rise, reflecting the impact of reduced activity and distribution of fixed costs. Efficiencies in the mine and the review of opportunities to reduce costs will remain the primary focus during the foreseeable future.

Underground operating costs remained consistent with the previous quarter at \$46/t mined.

Processing and maintenance costs were lower than the previous quarter with the maintenance plan resulting in no major shutdowns scheduled during the quarter.

Treatment, refining and transport costs remain broadly in line with the prior quarter.

In November, OZ Minerals commenced an initiative to identify and implement material cost reductions across the business. While this program of work requires significant upfront effort, savings in excess of \$5 million per annum have already been realised with an extensive array of additional opportunities identified for progression in the coming months.

With the increase in ore stockpiled there have been increases in both cash and non-cash adjustments when compared to the prior quarter. The higher depreciation is primarily the result of more ore tonnes mined in the open pit.

## Sales and Marketing

Shipments of Prominent Hill concentrates for the quarter totalled 73,369 dry metric tonnes, containing 37,091 tonnes copper, 29,870 ounces of gold and 223,822 ounces of silver.

Year to date, 254,119 dry metric tonnes of copper concentrate were shipped, containing 130,316 tonnes of copper, 116,471 ounces of gold and 747,439 ounces of silver.

Customisation of concentrate parcels matched to customer requirements continued through the quarter with sales completed as planned. Customer shipping schedules for 2016 under existing long term contracts have been agreed.

## CARRAPATEENA PROJECT

The Hydromet demonstration plant trial successfully concluded after 19 weeks of operation with parcels achieving upgrades of up to 60% copper. The combination of new chemistry with existing technology will significantly reduce export costs and increase concentrate quality when applied commercially. The demonstration plant achieved a 91 per cent run time with minimal concentrate product variability. Technical data from the trial is currently under review to make cost and efficiency improvements to the process that can be applied to a full scale plant.

The release of a new mineral resource statement for the high grade core at Carrapateena<sup>ii</sup> provides the option for a lower cost, lower risk starter project, with the potential to expand over time to maximise value. Two other options (optimised block cave and rail link) remain under consideration for evaluation of the project.

Studies to define the available options are ahead of schedule. An announcement on the future direction of the project will be provided to the market in February 2016, one month sooner than previously committed.

## GLOBAL EXPLORATION

### Australian Exploration

During the quarter OZ Minerals entered into 3 new Joint Ventures:

- 1 Mt Woods JV with Minotaur Exploration aimed at exploring the Prominent Hill regional land position. The JV will focus on identification of IOCG mineralisation around the Prominent Hill mine.
- 2 Yandal One JV with Toro Energy exploring for nickel sulphide mineralisation in Western Australia within 60kms of the Mount Keith mine.
- 3 Eloise JV with Minotaur Exploration exploring for Cannington style lead/zinc/silver mineralisation in the eastern succession of the Mt Isa block.

### Jamaica: Bellas Gate (Potential earn-in to 80 per cent)

The 2015 drill program was completed during the quarter with the final hole drilled at the Kola prospect for 153 m.

Field mapping and geochemical sampling completed at the Provost and Lucky Valley prospects. Porphyry style alteration and copper mineralisation was identified at both prospects and further work is planned for Q1 2016.

### Jamaica: Rodinia JV (Potential earn-in to 80 per cent)

Field reconnaissance commenced during the quarter. Work focused on targets at Sue River, Glengoffe and Jobs Hill. Each of these prospects has outcropping copper mineralisation and further work is planned for Q1 2016.

Unaudited exploration expenditure for Q4 was \$9.4 million which relates to expenditure on Carrapateena, Hydromet, Chile, Jamaica and other exploration activities.

## CORPORATE

The December quarter saw the closure of the Melbourne office with all senior management and staff firmly established in Adelaide. The new corporate Head Office was officially opened by the Premier of South Australia, Jay Weatherill, in December.

Management focus on capital and operating discipline continues to be embedded across the business with corporate overheads expected to be materially reduced on a continuing basis.

Internal and external growth opportunities continue to be assessed and implemented by management, with a range of due diligence studies currently under review.

**Annual guidance to be released with Full Year results on 10 February 2016.**

## 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 20 January 2016

Ordinary Shares	303,470,022
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### Share Price Activity for the December Quarter (Closing Price)

High \$4.67
Low \$3.72
Last \$3.50 (20 January 2016)
Average Daily Volume 2.9 Million Shares

### Share Registry

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## OZ Minerals Prominent Hill Production and Costs

Table 1: Operating Statistics

		Q3 2015	Q4 2015	YTD 2015
MINED (TONNES)	MALU OP COPPER-GOLD ORE	2,587,548	3,104,223	9,725,610
	MALU OP GOLD-ONLY ORE	416,935	842,817	2,557,434
	UNDERGROUND TOTAL ORE	450,789	537,818	1,858,439
	WASTE	9,654,739	8,485,188	37,985,268
MINED GRADE – SOURCE				
MALU OP - COPPER-GOLD ORE	COPPER (%)	1.16	1.11	1.15
	GOLD (G/T)	0.37	0.43	0.38
MALU OP - GOLD-ONLY ORE	COPPER (%)	0.12	0.11	0.13
	GOLD (G/T)	0.84	1.14	0.84
UNDERGROUND - TOTAL ORE	COPPER (%)	2.00	1.93	2.00
	GOLD (G/T)	0.37	0.60	0.49
ORE MILLED	(TONNES)	2,710,099	2,770,183	10,589,261
MILLED GRADE	COPPER (%)	1.40	1.34	1.39
	GOLD (G/T)	0.38	0.50	0.46
	SILVER (G/T)	3.10	3.24	3.02
RECOVERY	COPPER (%)	88.3	87.8	88.7
	GOLD (%)	71.1	71.1	72.2
	SILVER (%)	72.5	72.7	72.8
COPPER CONCENTRATE PRODUCED	TONNES	68,204	66,568	255,710
CONCENTRATE GRADE	COPPER (%)	49.1	49.0	51.0
	GOLD (G/T)	10.9	14.7	13.7
	SILVER (G/T)	89.3	98.1	91.1
CONTAINED METAL IN	COPPER (TONNES)	33,518	32,636	130,305
CONCENTRATES PRODUCED	GOLD (OZ)	23,817	31,547	113,028
	SILVER (OZ)	195,899	209,968	749,349
TOTAL CONCENTRATE SOLD	(DM TONNES)	74,213	73,369	254,119

Table 2: Operating Costs ('C1 Costs')

US Cents per pound	Q3 2015	Q4 2015	YTD 2015
Mining costs	92.9	97.5	95.1
Deferred mining	(39.3)	(31.9)	(40.1)
Ore inventory adjustment	(8.9)	(13.4)	(7.6)
<b>Total Mining costs</b>	<b>44.7</b>	<b>52.2</b>	<b>47.4</b>
Site processing costs	21.6	18.6	23.6
TC/RC and transport	41.7	43.1	41.5
Net By – Product credit	(39.2)	(52.8)	(49.0)
Other direct cash costs	5.5	6.1	6.6
<b>Total C1 costs</b>	<b>74.3</b>	<b>67.2</b>	<b>70.1</b>
Royalties	12.1	12.6	13.3
Other indirect costs	3.5	3.7	3.7
<b>Total cash costs</b>	<b>89.9</b>	<b>83.5</b>	<b>87.1</b>
D&A	71.1	92.6	75.4
Other non-cash costs	(13.7)	(29.8)	(15.8)
Net realisable value adj. – low grade gold ore**	3.7	(7.7)	1.8
<b>Total production costs</b>	<b>151.0</b>	<b>138.6</b>	<b>148.6</b>

\*\* Net realisable value adj.- low grade gold ore during the fourth quarter was restated for revaluation conducted as part of the Full Year Financial closure.

<sup>i</sup> This information is extracted from the report entitled 'Prominent Hill gold trial confirms significant value in stockpiles' released on 18 January 2016 and is available at [http://www.ozminerals.com/uploads/media/160118\\_ASX\\_Release\\_Prominent\\_Hill\\_gold\\_trial\\_confirms\\_significant\\_value\\_in\\_stockpiles.pdf](http://www.ozminerals.com/uploads/media/160118_ASX_Release_Prominent_Hill_gold_trial_confirms_significant_value_in_stockpiles.pdf). OZ Minerals confirms that all material assumptions underpinning the production target in that report continue to apply and have not materially changed.

<sup>ii</sup> See 'Carrapateena Update' released on 6 October 2015, which is available at <http://www.ozminerals.com/uploads/media/151006-Carrapateena-High-Grade--Explanatory-notes-1503c513-d142-485c-8a51-52b3c24ad7bc-0.pdf>. 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, 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 findings of the Competent Person are presented have not been materially modified from the original market announcement.