A modern
mining company

OZ Minerals Limited
ABN 40 005 482 824

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Parkside SA 5063 Australia

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ozminerals.com

10 February 2016

The Manager, Companies
Australian Securities Exchange
Companies Announcement Centre
Level 4, 20 Bond Street
Sydney NSW 2000

Dear Sir/Madam,

OZ Minerals - 2015 Full Year Financial Results

Please find attached the OZ Minerals Appendix 4E including the full year financial report for the year ending 31 December 2015.

Yours faithfully,

Robert Mancini
Company Secretary

OZ Minerals Annual Report 2015

OZ MINERALS LIMITED
ABN 40 005 482 824

Contents of the Annual Report

Results for Announcement to the Market

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange ('ASX') Listing Rule 4.2A and Appendix 4E for the Consolidated Entity ('OZ Minerals' or the 'Consolidated Entity') comprising OZ Minerals Limited ('OZ Minerals Limited' or the 'Company') and its controlled entities for the year ended 31 December 2015 (the 'financial year') compared with the year ended 31 December 2014 ('comparative year').

Consolidated results, commentary on results and outlook

	31 December 2015 $m	31 December 2014 $m	Movement $m	Movement percent
Revenue	879.4	831.0	48.4	5.8
Net profit/(loss) after tax from continuing operations	130.2	41.6	88.6	213.0
Profit after tax from discontinued operation	–	6.9	(6.9)	(100.0)
Profit/(loss) after tax attributable to equity holders of OZ Minerals Limited	130.2	48.5	81.7	168.5

The commentary on the consolidated results and outlook, including changes in state of affairs and likely developments of the Consolidated Entity, are set out in the Operating and Financial Review section of the Directors' Report.

Net tangible assets per share

	31 December 2015 $ per share	31 December 2014 $ per share
Net tangible assets per share	6.89	6.58

In accordance with Chapter 19 of the ASX listing rules, net tangible assets per share represent total assets less intangible assets less liabilities ranking ahead of, or equally with, ordinary share capital, 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 an unfranked dividend of 14.0 cents per share, to be paid on 10 March 2016. The record date for entitlement to this dividend is 24 February 2016. The financial impact of the dividend amounting to $42.5 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2015, and will be recognised in subsequent Consolidated Financial Statements.

The details in relation to dividends announced or paid since 1 January 2014 are set out below:

Record date	Date of payment	Cents per share	Total dividends $m
24 February 2016	10 March 2016	14	42.5
10 September 2015	24 September 2015	6	18.2
11 September 2014	25 September 2014	10	30.3
26 February 2014	13 March 2014	10	30.3

For Australian income tax purposes, all dividends were unfranked and declared to be conduit foreign income.

Independent auditor's report

The Consolidated Financial Statements upon which this Appendix 4E is based have been audited and the Independent Auditor's Report to the members of OZ Minerals Limited is included in the attached Annual Report.

Directors' Report

Your directors present their report for OZ Minerals for the year ended 31 December 2015 together with the Consolidated Financial Statements. OZ Minerals Limited is a company limited by shares that is incorporated and domiciled in Australia.

Directors

The directors of the Company during the year ended 31 December 2015 and up to the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Neil Hamilton (Non-executive Director and Chairman)

Andrew Cole (Managing Director and Chief Executive Officer)

Paul Dowd

Brian Jamieson (retired as a Non-Executive Director on 25 May 2015)

Charles Lenegan`

Rebecca McGrath

Dean Pritchard

Principal activities

The principal activities of the Consolidated Entity during the financial year were the mining of copper, gold and silver, undertaking exploration activities and development of mining projects. For additional information on the activities of the Consolidated Entity refer to the Operating and Financial Review section in the Director's Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year ended 31 December 2015. Refer to the Operating and Financial Review section for discussion of the state of affairs of the Consolidated Entity.

Dividends

Since the end of the financial year, the Board of Directors has resolved to pay an unfranked dividend of 14.0 cents per share, to be paid on 10 March 2016. The record date for entitlement to this dividend is 24 February 2016. The financial impact of the dividend amounting to $42.5 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2015, and will be recognised in subsequent Consolidated Financial Statements.

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Directors' Report

Information on directors and officers

Particulars of the qualifications, experience and special responsibilities of each person who was a Director during the year ended 31 December 2015 and up to the date of this report are set out below:

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	OZ Minerals special responsibilities during the year
Current directors				
Neil Hamilton Independent Non-executive Chairman Appointed as a Non-executive Director on 9 February 2010 and Chairman on 13 April 2010 LLB	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.	Non-executive Director of Metcash Limited since February 2008	Chairman of Miclyn Express Offshore Limited from February 2010 to June 2013	Chairman of OZ Minerals Limited Board Member of Human Resources & Remuneration Committee
Andrew Cole Managing Director and Chief Executive Officer Appointed on 3 December 2014 BAppSc (Hons) in Geophysics MAICD	Mr Cole has over 20 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).	None	None	Managing Director & Chief Executive Officer
Paul Dowd Independent Non-executive Director Appointed on 23 July 2009 BSc (Eng)	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. 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.	Non-executive Director of PNX Metals Limited since April 2012 (previously Managing Director from September 2008 to April 2012) Non-executive Director of Energy Resources of Australia Ltd from October 2015 to present	None	Chairman of the Sustainability Committee Member of Audit Committee

Directors' Report

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	OZ Minerals special responsibilities during the year
Current directors				
Charles Lenegan Independent Non-executive Director Appointed on 9 February 2010 BSc (Econ)	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).	None	Chairman of Rey Resources Limited from November 2010 to November 2012 Non-executive Director of Turquoise Hill Resources from August 2012 to May 2014	Chairman of the Audit Committee Member of Sustainability Committee
Rebecca McGrath Independent Non-executive Director Appointed on 9 November 2010 BTP (Hons), MA (Ap.Sc), FAICD	Ms McGrath was the former Chief Financial Officer and a member of BP's Executive Management Board for Australia and New Zealand. Ms McGrath was also the former Vice President Operations BP Australia and Pacific and General Manager, Group Marketing Performance BP Plc (London). She is a former Director of Big Sky Credit Union and in addition to her Bachelor and Master Degrees, she is a graduate of the Cambridge University Business and Environment program. Ms McGrath is also a member of the JP Morgan Advisory Council.	Non-executive Director of Incitec Pivot Limited since September 2011 Non-executive Director of CSR Limited since February 2012 Non-executive Director of Goodman Group since April 2012	None	Chairman of Human Resources & Remuneration Committee Member of the Audit Committee
Dean Pritchard Independent Non-executive Director Appointed on 20 June 2008 BE, FIE Aust, CP Eng, FAICD	Mr Pritchard has over 30 years of experience in the engineering and construction industry. He was previously Chairman of ICS Global Limited, a Director of RailCorp, Zinifex Limited and Eraring Energy and Chief Executive Officer of Baulderstone Hornibrook.	Non-executive Director of Steel & Tube Holdings Limited (a New Zealand listed company) since May 2005 Non-executive Director of Broadspectrum Limited (previously Transfield Services Limited) since October 2013	Non-executive Director of Spotless Group Limited from May 2007 to August 2012 Chairman of Steel Tube & Holdings Limited from May 2005 to October 2012 Non-executive Director of Arrium Limited (previously One Steel Limited) from October 2000 to November 2014	Member of the Sustainability Committee Member of the Human Resources & Remuneration Committee

Directors' Report

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	OZ Minerals special responsibilities during the year
Former director				
Brian Jamieson Independent Non-executive Director Appointed on 27 August 2004 FCA Brian Jamieson retired as a Non-Executive Director on 25 May 2015.	Mr Jamieson was Chief Executive of Minter Ellison Lawyers Melbourne from 2002 until he retired at the end of 2005. Prior to joining Minter Ellison, he was with KPMG for over 30 years holding the positions of Chief Executive, Managing Partner and Chairman of KPMG Melbourne from 2001 to 2002. He was also a KPMG Board Member in Australia and Asia Pacific and a member of the KPMG USA Management Committee. Mr Jamieson is a fellow of the Institute of Chartered Accountants in Australia. Further, Mr Jamieson is a Director and Treasurer of the Bionics Institute.	Chairman of Mesoblast Limited since November 2007 Chairman of Sigma Pharmaceuticals Limited since June 2010 and Non-executive Director since December 2005 Non-executive Director of Tatts Group Limited since May 2005	Non-executive Director of Tigers Realm Coal Limited from February 2011 to May 2014	Member of the Audit Committee Member of the Sustainability Committee

Directors' Report

Head of Legal and Company secretary

Mr Robert Mancini Head of Legal and Company Secretary (appointed 17 August 2015)

LLB, BCOM

Robert Mancini B.Com, LLB was appointed Head of Legal and Company Secretary of OZ Minerals Ltd effective on 17 August 2015. Mr Mancini holds a Bachelor of Commerce majoring in Economics and Finance and Bachelor of Laws. Mr Mancini is originally from Perth, Western Australia and relocated to Adelaide, South Australia to join OZ Minerals at its new South Australian head corporate office.

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 dispute resolution management.

Attendance at meetings

The number of meetings of OZ Minerals Limited's Board of Directors and of each Board Committee held from the beginning of the financial year until 31 December 2015, and the number of meetings attended by each director is set out below.

	Board meetings		Board Committee meetings					
			Audit		Human Resources and Remuneration		Sustainability	
	A	B	A	B	A	B	A	B
Neil Hamilton	9	9	3	–	5	5	–	–
Andrew Cole	9	9	6	6	5	5	4	4
Paul Dowd	9	9	5	3	1	–	4	4
Dean Pritchard	9	9	3	–	5	5	4	4
Charles Lenegan	8	9	6	6	3	–	2	2
Rebecca McGrath	9	9	6	6	5	5	–	–
Brian Jamieson[c]	4	4	3	3	–	–	1	1

A Number of meetings attended. Note that directors may attend Committee meetings without being a member of that Committee.

B Number of meetings held during the time the director held office (in the case of Board meetings) or was a member of the relevant committee during the year.

C Brian Jamieson retired as a Non-Executive Director on 25 May 2015.

Directors' interests

The relevant interests of each director in the ordinary shares of OZ Minerals Limited at the date of this report are set out below:

Director	Shares number
Neil Hamilton	39,500
Andrew Cole	10,000
Paul Dowd	10,800
Charles Lenegan	20,750
Rebecca McGrath	12,750
Dean Pritchard	22,720
Total	**116,520**

Environmental regulation

OZ Minerals is subject to environmental regulation with respect to its activities in both Australia and overseas. In addition to the licensing and permit arrangements which apply to its overseas activities, the Consolidated Entity's Prominent Hill operations, Australian exploration activities and its concentrate shipping activities operate under various licences and permits under the laws of the Commonwealth, States and Territories.

Compliance with the Consolidated Entity's licenses and permits is monitored on a regular basis and in various forms, including environmental audits conducted by the Consolidated Entity, regulatory authorities and other third parties. A documented process is used by the Consolidated Entity to classify and report any exceedance of a licence condition or permit condition, as well as any incident reportable to the relevant authorities. As part of this process, all reportable environmental non-compliances and significant incidents are reviewed by the Executive Committee and the Sustainability Committee of the OZ Minerals Board of Directors. These incidents require a formal report to be prepared identifying 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 seventh 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 the processes that OZ Minerals developed to meet the requirements of the NGERS Act. The audit provided assurance that the reported emissions, energy production and energy consumption were prepared in accordance with the NGERS Act.

Insurance and indemnity

During the financial year, the Company paid premiums in respect of a contract insuring directors and officers of the Company and its related bodies corporate against certain liabilities incurred while acting in that capacity. The contract of insurance prohibits the disclosure of the nature of the liability 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 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. 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.

Claims for payment of legal expenses have been received from certain current and former directors and officers of the Company and its related bodies corporate who are cross respondents in the class action proceedings that the Company is currently involved in. The Consolidated Entity is providing monies in relation to these claims under the relevant Deeds of Indemnity and, depending on the outcome of the proceedings, may be able to recover some of those monies. However, there is no certainty regarding the outcome of the class action proceedings.

No indemnity has been granted to an auditor of the Consolidated Entity in their capacity as auditors 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 external Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 41 and forms part of the Directors' Report.

The Company, 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.

Details of the amounts paid or payable to the external auditor (KPMG) and its network firms for audit and non-audit services provided during the year are set out below.

	2015 $
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	532,000
Overseas KPMG firms	33,343
Total fees for audit services provided by KPMG	565,343
Other non-audit services provided by KPMG Australia	
Taxation compliance and other taxation advisory services	165,882
Other services	120,000
Total fees for other services provided by KPMG Australia	285,882
Total fees	851,225

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

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 provision of non-audit services by the auditor, as set out in the table on the previous page, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they did not impact the integrity and objectivity of the external auditor; and
- None of the services undermined the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, including 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.

Matters subsequent to the end of the financial year

Since the end of the financial year, the Board of Directors resolved to pay an unfranked dividend of 14.0 cents per share, to be paid on 10 March 2016. The record date for entitlement to this dividend is 24 February 2016. The financial impact of the dividend amounting to $42.5 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2015, and will be recognised in subsequent Consolidated Financial Statements.

Since the end of the financial year, the Company has received particulars of the loss alleged to have been suffered by the Applicant and Group Members in the class action proceedings. Having considered this information and all the circumstances, the Company believes that it is not in a position to calculate with sufficient reliability an estimate of the possible obligation in respect of the class action even if it were found to exist. OZ Minerals is vigorously defending these proceedings.

Since the end of the financial year, the Company has been advised by the Australian Federal Police (AFP) that the scope of the AFP's investigation is being extended to OZ Minerals' former Cambodian operations generally in relation to foreign bribery allegations. OZ Minerals is continuing to cooperate with the AFP in its investigation.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, ('ASIC') relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Class Order to the nearest million dollars to one decimal place, or in certain cases, to the nearest dollar. All amounts are in Australian dollars only, unless otherwise stated.

Directors' Report

Operating and Financial Review

The Operating and Financial Review is set out on pages 12 to 25, and forms part of the Directors' Report.

Remuneration Report

The Remuneration Report which has been audited by KPMG is set out on pages 28 to 40, 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 http://www.ozminerals.com/about/corporate-governance/corporate-governance-statement/.

Signed in accordance with a resolution of the Directors.

Neil Hamilton

Chairman
Perth
10 February 2016

Andrew Cole

Managing Director and Chief Executive Officer
Adelaide
10 February 2016

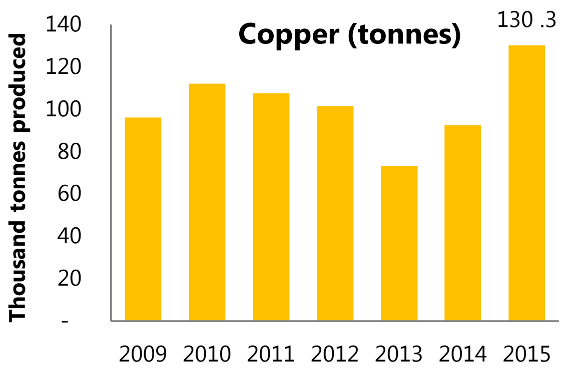
Directors' Report
Operational and Financial Review

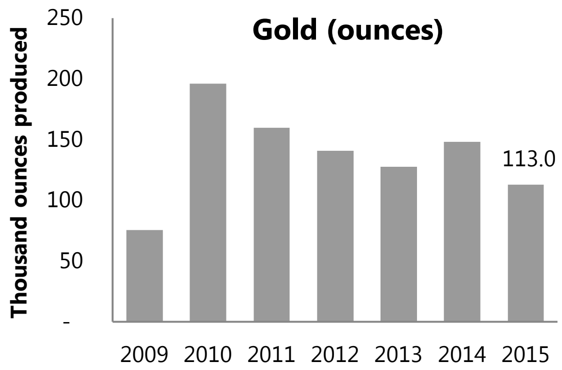
Overview

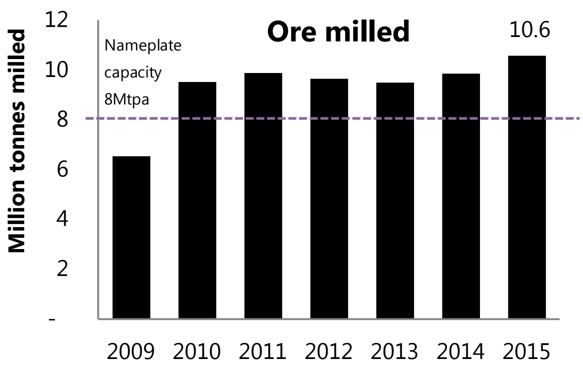
OZ Minerals Limited is an Australian modern mining company listed on the Australian Securities Exchange which specialises in exploring for, developing and operating copper, gold and base metal projects. OZ Minerals continually strives to be a global market leader in the resources sector with a clear strategy and effective governance that support value creation for all our stakeholders.

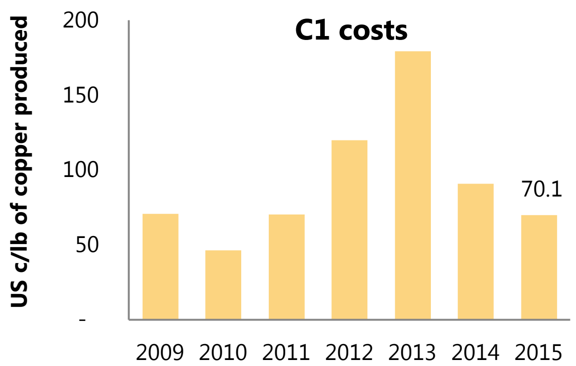
OZ Minerals owns and operates the Prominent Hill mine a high quality copper-gold mine, and the Carrapateena exploration project which is one of Australia's largest undeveloped copper deposits and is located relatively close to key infrastructure in our home state of South Australia. As Australia's third largest copper producer with quality assets, a substantial cash balance and no debt, OZ Minerals strives to be a global market leader and partner of choice in the resources sector.

Since commencing operations in 2009, Prominent Hill mine has grown from a single open-pit mining operation into an integrated open-pit and underground operation. Copper and gold ore mined is processed through the plant (currently operating at 10.6Mtpa, nameplate capacity 8.0Mtpa) to produce some of the highest grade copper concentrate in the world with C1 costs within the first quartile of the cost curve.









Since acquiring the Carrapateena exploration project in 2011, OZ Minerals has undertaken a significant amount of work to identify the best approach to develop the project. During 2015, the company undertook a number of initiatives including:

- Construction and operation of the Hydromet demonstration plant;
- A study to optimise a stand-alone block cave option;
- A study to assess linking Carrapateena to Prominent Hill mine via a 250-kilometre rail line; and
- Identification of a high grade option.

These projects have progressed well and a decision following the assessment of the multiple options for Carrapateena will be made by the end of February 2016.

OZ Minerals operates across the mining cycle from exploration through to development, construction and operation of copper and gold operations. As a modern mining company, OZ Minerals is committed to creating and sustaining a positive culture where diversity is valued, encouraged and promoted and has a strong sustainability focus with significant contributions to people, communities and the environment.

New strategy and execution during 2015

OZ Minerals adopted a new growth strategy in 2015, designed to leverage the value locked in its assets while enduring the cyclical pressures of the mining industry and differentiating itself from other companies around the world. The foundation elements of the strategy are safety, capital discipline and strong values which apply to all elements of a lean business, copper core, customer focus and multiple assets. Embedding the strategy into every facet of the business has been a priority during the year and continues to be a focus for all employees.

During 2015, OZ Minerals achieved a number of successes in line with the new strategy. Achievements during the year include:

Safety:

- Lowest TRIFR of 5.30 since commencing operations at Prominent Hill;
- TRIFR reduction of 35 percent since 2014; and
- Emphasis on leadership, pro-active reporting and root cause identification to target reduction in injuries.

Lean Business:

- Fit for purpose organisational structure in place;
- Melbourne office closed down and smooth transition to Adelaide;
- Significant reduction in C1 costs from US 90.7 to US 70.1 cents per pound of copper; and
- Record equipment utilisation achieved resulting in lower costs and faster mining.

Capital Discipline:

- Cost conscious culture being developed resulting in significant reduction in ongoing costs;
- Supplier review commenced in November 2015 with early gains of annualised savings of $5.0 million realised; and
- Capital allocation decisions based on return on investment.

Copper Core:

- Record production of 130,305 tonnes of copper from Prominent Hill;
- Carrapateena High Grade Resource estimated at 61Mt @ 2.4% Cu, 0.9 g/t Au, and 11.7 g/t Ag identified[1]; and
- Successful delivery of the hydromet trial with interim results returning upgrades of copper in line with expectations and reduction of impurities to negligible levels that reduces marketing costs and increase marketing flexibility.

Multiple Assets:

Organic options:

- Imminent decision on Carrapateena;
- Exploration at Bellas Gate and Joint Venture at Rodinia underway in Jamaica; and
- Exploration Joint Venture with Minotaur Exploration leveraging wealth of exploration data at Prominent Hill.

Inorganic options:

- Exploration Joint Venture with Minotaur Exploration in Queensland at the Eloise Project;
- Exploration Joint Venture with Toro Energy; and
- A full pipeline of projects is under active consideration for delivering value accretive growth to OZ Minerals.

Value Creation:

- Efficient operations and customer focussed delivery helping to accelerate cash flows; and
- Acquisition strategy seeks to leverage the distressed commodities market.

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[1] Details of this Mineral Resource estimate were previously reported in the announcement entitled "Carrapateena Update" released to the ASX on 6 October 2015 and 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 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 Competent Person's findings are presented have not been materially modified from the original market announcement.

Review of operations

Safety performance

Ensuring a safe work environment is fundamental to OZ Minerals' operations and the safety, health and wellbeing of OZ Minerals' employees and contractors is a core foundation of the company's culture. OZ Minerals' safety strategy is based on the Company's commitment to ensure that no employee is injured in the course of working at its operations.

Active engagement on every operational level and from senior leadership teams combined with activities focused on identifying and eliminating causes of incidents has delivered significant success. It has resulted in a sustained reduction in the number of recordable workplace injuries. The total recordable injury frequency rate ('TRIFR') per million hours worked decreased by 35 percent to 5.30 at the end of 2015 (full year 2014: 8.18). The lost time injury frequency rate ('LTIFR') per million hours worked also decreased to 0.99 from 2.46 in 2014. There were no permanent or serious disabling injuries in 2015.

The renewed focus on identifying and analysing incidents with potential for more serious consequences to determine why incidents occur and to put in place measures to reduce the likelihood of incidents reoccurring has increased the number of such incidents being self-reported and development of a strong safety culture across the group.

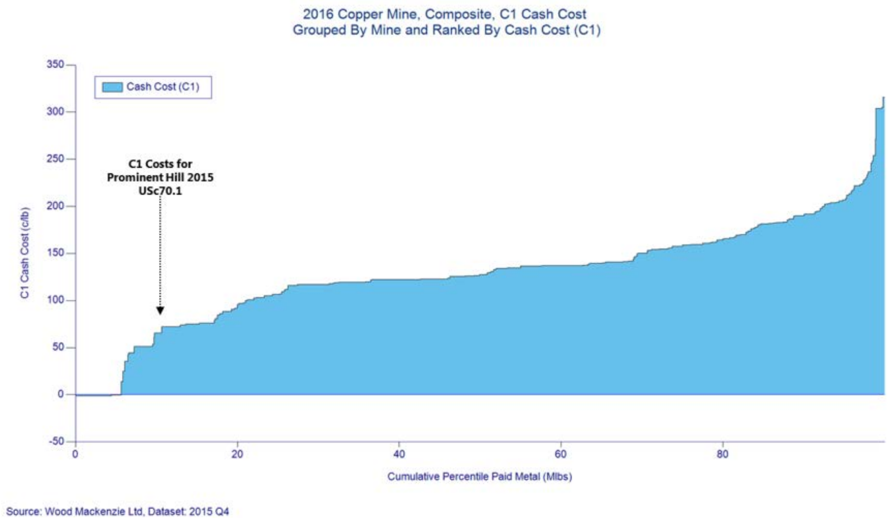
OZ Minerals operates in partnership with its contractors and is actively building a shared safety culture between employees and contractors working on our sites. Prominent Hill completed the Site Safety Acceleration Programme during the year which outlined three pillars for enhancement: leadership engagement; critical risk management, with a focus on increasing awareness and understanding of critical risk and raising awareness and a focus on general hazard awareness. This process is continuing throughout 2016. With a focussed plan to develop the safety culture and leadership at Prominent Hill, a weekly safety leadership forum has been established which is designed to communicate leadership intent and expectations among the leadership group at Prominent Hill as well as coach and support leaders in their responsibility to communicate the safety intent and expectations to their operators. Other areas of concentration include Mental Health Awareness and Health & Well Being programs and increasing emergency response capabilities.

Prominent Hill

Strong operating performance combined with efforts to match customer requirements and concentrate production resulted in a record year of production and matching sales. During the year, Prominent Hill achieved record contained copper production of 130,305 tonnes (which was within guidance) and strong contained gold production of 113,028 ounces (which exceeded guidance). The increase over 2014 was achieved through record mill throughput rates of 1,292 tonnes per hour resulting in ore milled of 10.6 million tonnes in 2015, which was 33 percent above nameplate capacity.

The Prominent Hill mine achieved a number of milestones during the year which included the commissioning of the Malu Underground mine three months ahead of schedule in July, execution of the open pit stability program which has yielded a stable open pit which augurs well for production from the open pit as well as the underground mine.

Prominent Hill C1 cost of US 70.1 cents per pound of copper was within the first quartile for all copper producers worldwide (Wood Mackenzie data from Q4 2015). The resounding cost performance was the result of the enhanced focus on cost control, increased efficiencies and the relatively weaker AUD.



The open pit continued its efficient operation with a number of improvements driving accelerated demobilisation of equipment in 2015 and again in early 2016 as the waste removal activity reduces significantly. Ore produced from the open pit of 12.3 million tonnes was lower than production in 2014 by 14 percent as mining activity reduces. However production of copper ore, which has a higher value than gold ore, was higher than in the prior year by 14 percent.

The open pit waste to ore strip ratio for the year was 3.1:1 compared to 4.7:1 in 2014; a significant reduction and a trend that will continue through to the end of open pit mining in 2018.

The Malu Underground mine was commissioned in July 2015 following which the two underground mines of Ankata and Malu were integrated into a single Prominent Hill underground mine. This integration has begun to deliver efficiencies through the improved scheduling of stopes and coordination of development and production activities.

The underground mine produced 1.9 million tonnes of high grade copper ore during the year, an increase of 37 percent compared to 2014 as the second area of mining (Malu) was commissioned during the year. The mine plan for the underground has been optimised to deliver higher grades of ore earlier.

A number of changes were made to processing during 2015 with the development of a processing plant toolkit that has enabled the production of customised copper concentrates and consequent expansion of the customer base. The processing plant performed at its highest efficiency since commencing operations, milling 10.6 million tonnes of ore which was 33 percent higher than the nameplate capacity with sustained high recoveries of 89 percent for copper and 72 percent for gold.

Carrapateena

There were a number of successes at the Carrapateena project during 2015 which included the identification of a contained resource estimated at 61Mt @ 2.4% Cu, 0.9 g/t Au, and 11.7 g/t Ag[1], a Hydromet demonstration trial that confirmed copper upgrade to 60 percent and a reduction in impurities and an acceleration of concurrent studies resulting in the bringing forward of a decision on Carrapateena to February 2016.

Following the cessation of exploration drilling at the Khamsin and Fremantle Doctor prospects in early 2015, OZ Minerals embarked on four projects: Hydromet demonstration plant, the value optimised stand-alone block cave option, the Gawler Craton strategy linking Carrapateena to Prominent Hill mine via a 250-kilometre rail line, and a high grade option to explore multiple options of unlocking the value in the Carrapateena project.

Exploration

Recognising the need to invest in exploration to generate high value assets for OZ Minerals' shareholders over the long term, OZ Minerals entered into a number of innovative exploration joint ventures ('JV') collaborating with companies which have either the experience or have had exploration successes.

The Mt Woods JV with Minotaur Exploration ('Minotaur') seeks to leverage skills of Minotaur in identifying ore bodies at Prominent Hill through analysis and interpretation of the large geological and drill core data base that has been accumulated through years of exploration drilling.

The Eloise JV with Minotaur seeks to build on the exploration success that Minotaur has had at the Eloise prospect in Queensland.

OZ Minerals also entered into the Yandal One JV with Toro Energy during the year to earn into ground where Toro has previously intersected up to 0.45% nickel with holes terminating in mineralisation.

In Jamaica, at the Bellas Gate project, exploration was significantly advanced during the year with the completion of 41 diamond drill holes for ~7,100m. Exploration was focussed on identifying porphyry hosted copper gold mineralisation. Several prospects were tested and 12 holes were drilled at the Connors project, with the best result being 260m @ 0.44% copper and 0.19g/t gold[2]. Reconnaissance mapping identified several new prospects with outcropping porphyry style mineralisation which require further testing.

Review of Financial Results

- Net profit after tax of $130.2 million – an increase of 168 percent;
- Underlying EBITDA of $484.9 million, and EBITDA margin of 55 percent;
- Total revenue of $938.8 million less revenue from sale attributable to pre commissioning production at Malu underground, for group revenue of $879.4 million;
- Cost of goods sold of $379.1 million – a reduction of 17 percent; and
- Net assets of $2,343.9 million, with cash of $552.5 million and no debt.

[2] This information is extracted from the report entitled "Quarterly Report for the three months ended 30 September 2014" released to the ASX on 14 October 2014 and available at http://www.ozminerals.com/uploads/media/ASX-2014-Sep-Quarterly-Report-b7eed6fb-ed79-4514-9aec-13dc2c3af87b-0.pdf Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. 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.

Review of consolidated financial results and operations[3]

OZ Minerals recorded a strong financial performance in 2015 underpinned by volume growth from the Prominent Hill operations as well as cost reduction benefits from continued cost control strategies and sustained efficiency improvements. Net profit for the year of $130.2 million compared to the net profit of $48.5 million in the prior year and reflects a period of peak production performance of the Prominent Hill mine.

	Prominent Hill 2015 $m	Carrapateena 2015 $m	Exploration & Development 2015 $m	Corporate 2015 $m	Total 2015 $m	Total 2014 $m
Revenue from sale of metal in concentrate						
Copper	794.5	–	–	–	794.5	660.6
Gold and Silver	182.0	–	–	–	182.0	217.4
TCRC's	(97.1)	–	–	–	(97.1)	(47.0)
Total revenue	**879.4**	**–**	**–**	**–**	**879.4**	**831.0**
Mining	(351.7)	–	–	–	(351.7)	(494.3)
Processing	(87.0)	–	–	–	(87.0)	(91.3)
Transport	(54.1)	–	–	–	(54.1)	(45.6)
General and administration	(23.3)	–	–	(43.0)	(66.3)	(76.2)
Royalties	(47.9)	–	–	–	(47.9)	(23.5)
Deferred waste	148.1	–	–	–	148.1	196.0
Inventory adjustment	79.8	–	–	–	79.8	78.7
Inter-segment (expense)/income	(14.2)	–	(1.3)	15.5	–	–
Total cost of goods sold	**(350.3)**	**–**	**(1.3)**	**(27.5)**	**(379.1)**	**(456.2)**
Exploration and other expense	(1.5)	(29.9)	(9.6)	–	(41.0)	(53.0)
Restructuring costs	(3.0)	–	–	(4.6)	(7.6)	–
FX gain	12.5	–	–	20.7	33.2	19.3
Underlying EBITDA	**537.1**	**(29.9)**	**(10.9)**	**(11.4)**	**484.9**	**341.1**
Depreciation	(281.5)	(0.8)	–	(2.8)	(285.1)	(296.1)
Underlying EBIT	**255.6**	**(30.7)**	**(10.9)**	**(14.2)**	**199.8**	**45.0**
Net finance income					2.9	3.6
Income tax (expense)/benefit on underlying profit/(loss) before tax					(63.1)	(18.3)
Underlying NPAT					**139.6**	**30.3**
Non underlying items net of tax					(9.4)	18.2
NPAT					**130.2**	**48.5**
Earnings per share (cents per share)					42.9	16.0

3. 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 without the impact of non-trading items such as adjustments to discontinued operations. 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 Operating Segments to the Consolidated Financial Statements for further details.

Variance analysis – Underlying net profit after tax 31 December 2014 vs. 31 December 2015

	$m	$m
Underlying net profit after tax for the year ended 31 December 2014		**30.3**
Changes in revenues:		
Volume – sales		
Copper	230.8	
Gold	(62.1)	
Silver	(2.4)	166.3
A$ price		
Copper	(36.0)	
Gold	29.1	
Silver	2.1	(4.8)
Adjustment for Malu Underground pre-production ore	(63.0)	
Treatment and refining charges	(50.1)	
Royalties	(24.4)	(137.5)
Changes in mine costs:		
Production costs	144.0	
Deferred waste and inventory adjustment	(46.8)	
Depreciation	11.0	108.3
Other costs:		
Corporate	4.2	
Exploration	15.6	
Foreign exchange gain on cash and debtor balances	13.9	
Restructuring expense	(7.6)	
Other	(3.6)	22.5
Tax, net interest and dividends		(45.5)
Underlying net profit for the year ended 31 December 2015		**139.6**

Revenue

Net revenue from sale of concentrates to customers of $938.8 million was adjusted by $59.4 million for revenue attributable to pre-production phase of the Malu underground project and was capitalised against the cost of development of the mine. The reported revenue of $879.4 million was an increase of six percent compared to 2014.

Payable copper sales of 126,763 tonnes was the highest since operations commenced at Prominent Hill and reflects the success in prioritising contained copper production throughout the year. Contained copper sold of 130,316 tonnes was 37 percent higher while contained gold sold of 116,471 ounces was 24 percent lower than in 2014.

The average A$ copper price was four percent lower than 2014 while the average A$ gold price was ten percent higher than 2014. The sharp reduction in the US$ copper price by 20 percent was largely offset by the weaker A$ which was 17 percent lower than 2014. The US$ gold price reduced by eight percent compared to 2014 but with the benefit of the weaker A$ was ten percent higher than 2014. Mark to market adjustments of $5.6 million were recognised at the end of the year to reflect the revaluation of trade receivables to changes in the underlying copper and gold price on provisionally priced concentrate sales.

Realisation costs

Treatment charges and refining costs ('TCRC') increased by $50.1 million as a result of sales of 254,119 tonnes of concentrate which was 37 percent higher than 2014. The benchmark TCRCs in 2015 were higher by 16 percent compared to 2014 as a result of surplus concentrate volumes transacted globally in 2015.

Transportation and freight costs during the year increased by 19 percent as a direct result of increased tonnages of concentrate sold.

The royalty rate of 1.5 percent of revenue for the initial five years of a new mine in South Australia increased to five percent from August 2014. This resulted in the increase in royalty expense from $23.5 million in 2014 to $47.9 million in 2015, not commensurate with the increase in revenue.

Prominent Hill mine costs

Mining costs were lower by $142.6 million in 2015 as a result of lower activity and streamlined operations delivering high equipment utilisation. During the year, there was less mining equipment and personnel following the demobilisation from three fleets to two fleets in early 2015.

The cash cost to mine a tonne of ore from the open pit in 2015 of $23.30 was lower than $30.70 in 2014 due to the significantly lower waste to ore strip ratio which was 3.1:1 in 2015 compared to 4.7:1 in 2014. Open pit mining unit costs of $5.70 per tonne in 2015 were higher than $5.17 in 2014 which reflects the impact of the deeper open pit and longer haulage distances. As a result of the declining strip ratio, the deferral of mining costs to the balance sheet was lower by $47.9 million.

Underground mining costs of $38.0 million relating to the development of the Malu Underground mine were capitalised in 2015. The two underground mines commenced operations as an integrated mining operation in the second half of the year. The level of underground development remained high throughout the year. The combined output from the mine was 1.9 million tonnes compared to 1.4 million tonnes in 2014 and will increase as development activity decreases and less waste is produced with maturity of the underground mine. Underground operating costs during the second half of the year averaged $46.0 per tonne of ore mined following the commissioning of the Malu underground mine. Fuel costs were lower as a result of lower prices, improved efficiencies and less equipment.

While ore milled in 2015 of 10.6 million tonnes was higher than in the prior year of 9.9 million tonnes, processing costs were lower by five percent as a result of cost benefits realised from process improvements and fewer maintenance shutdowns.

Focus remains on accelerated mining of the open pit as it is the most value accretive option to optimise the mining contract. Ore continues to be stockpiled for processing in later periods after the open pit ceases operations in 2018. Concentrate and ore inventory movement of $79.8 million for the year ended 31 December 2015 was primarily a result of an increase in ore stocks by 3.6 million tonnes during 2015.

Depreciation expense decreased by $11.0 million compared to 2014 due to lower depreciation of plant and equipment as a result of underground mine life extension since 2014.

Other Costs

Exploration and evaluation costs related to the Carrapateena project of $29.9 million were lower than in 2014 as the decision to cease exploration drilling was made in early 2015. Focus during the year was on evaluating options for Carrapateena which included the Hydromet demonstration plant, value optimised stand-alone block cave option, the Gawler Craton strategy linking Carrapateena to Prominent Hill, and the high grade option. Direct Exploration costs of $9.6 million were incurred on global exploration related to the company's pursuit of early stage projects in Australia, Jamaica, and the Americas.

During the year, the A$ depreciated by 17 percent compared to 2014 and resulted in a larger gain on revaluation of $13.9 million on US$ denominated trade receivables and cash holdings. In early 2016, the company determined to maintain its cash holdings in A$ with US$ maintained only to meet US$ commitments.

As a result of the decision to re-locate the Consolidated Entity's corporate office from Melbourne to Adelaide, restructuring and redundancy expenses of $7.6 million were recognised. Sustained reduction in costs is expected to be realised over the coming years with only one office and lower headcount.

Corporate costs of $43.0 million comprise those incurred in direct support of operating activities and those related to largely corporate activities. An allocation of $15.5 million related to support activities that cover a range of services and costs provided at the Corporate office. These costs relate to the Prominent Hill, Carrapateena and Exploration and Development operating segments and include sales and marketing, strategic sourcing, business services, information technology and insurance.

The income tax expense for the year ended 31 December 2015 was $59.5 million and is higher than the Australian corporate tax rate of 30 percent due to non-deductible overseas exploration expenditure. The company utilised its available group tax losses and tax offsets and consequently did not have a current tax liability.

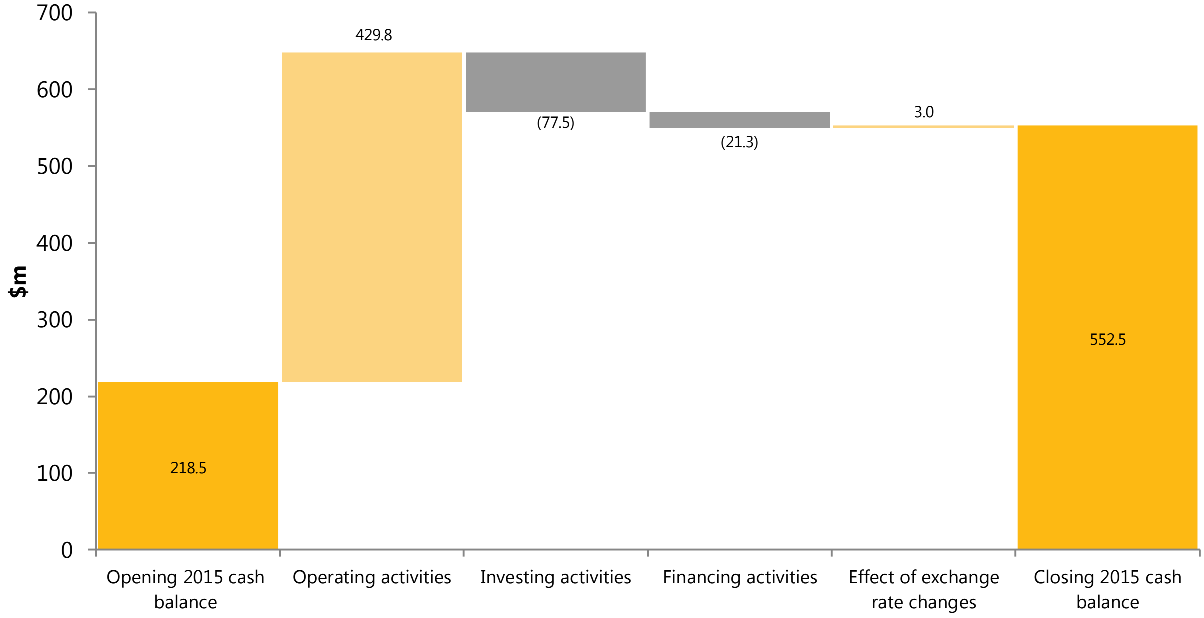
Non underlying items, net of tax

During 2015 non underlying items included legal costs relating to the class action of $9.4 million net of tax (refer to Note 16 to the Consolidated Financial Statements).

During the prior year, the following non-underlying items were recognised and included in the net profit after tax attributable to the shareholders of OZ Minerals:

- Revaluation adjustment of $8.7 million relating to investment in Toro;
- Gain on de-recognition of foreign currency translation reserve of $2.6 million; and
- Profit from discontinued operation net of tax of $6.9 million.

Cash flow



Operating cash flows

Operating cash flows for the year ended 31 December 2015 of $429.8 million was an increase of $208.3 million compared to the prior year as a result of increased sales, reduced activity levels in the open pit and cessation of exploration drilling at Carrapateena. Payments to suppliers and employees were lower by $90.5 million, the receipts from customers increased by $102.1 million and exploration expenditure decreased by $15.6 million.

Investment cash flows

Net investment cash flows of $77.5 million were a combination of net payments for property plant and equipment and receipts from the sale of equity investments.

The payments incurred related to the following:

- Deferred waste stripping costs of $148.1 million;
- Mine development costs of the underground operation of $97.5 million of which $38.0 million related to pre-commissioning development costs of the Malu Underground;
- Net receipts from sale of pre-commissioning ore from Malu underground of $46.4 million offset the capitalised development costs;
- Other sustaining capital expenditure of $5.5 million; and

During the year, OZ Minerals sold its investments in Sandfire and other minor investments and received $126.5 million.

Financing activities

Cash flows relating to financing activities were an outflow of $21.3 million, compared to an outflow of $60.9 million in the comparative year. The decrease in the outflow is due to the lower dividend payments during the year. For more details refer to dividend section below.

Dividend

Dividends of $18.2 million were paid during the year. Since the end of the financial year, the Board of Directors has resolved to pay a final dividend in respect of the 2015 financial year amounting to $42.5 million.

Balance Sheet

Net assets and total equity increased by $94.8 million during the year to $2,343.9 million, mainly due to current year profit of $130.2 million partially offset by dividends of $18.2 million and the reduction in the value of investments in equity securities of $18.5 million.

The company ended the year with a cash balance of $552.5 million and undrawn debt facilities of US$200 million. In January 2016, the company commenced negotiations to amend the debt facility which will reduce the costs incurred to maintain the commitment while retaining the flexibility to support the company's growth strategy.

Inventories at 31 December 2015 were $329.8 million of which non-current ore stockpiles increased by $80.9 million in line with the accelerated open pit mining strategy. The addition to ore inventories during the year of $88.8 million was offset by net realisable value write down of $4.4 million of low grade gold ore stockpiles. The net realisable value is estimated based on the revenue to be derived from metal contained in the ore stockpiles based on the mine plan for processing and adjusted for incremental costs.

During the year, OZ Minerals sold its investments in Sandfire and other minor investments and realised $126.5 million. At 31 December 2015, the equity investment represents the Company's 21 percent investment in Toro. Refer to Note 14 to the Consolidated Financial Statements.

The lease receivable of $34.8 million at 31 December 2015 reduced by $7.4 million following the amortisation of the lease receivable during the year. The consideration paid in 2012 to acquire mining equipment recognised as a lease receivable will be recovered by OZ Minerals progressively over the mining services contract with Thiess through a reduced mining services charge.

Outlook

With a record year of production in 2015, OZ Minerals expects 2016 to be another strong year and has consequently set guidance for contained copper production at 115,000 to 125,000 tonnes[4]. Copper ore will continue to be prioritised until 2018 when contained gold production will significantly increase.

C1 unit cost guidance for the 2016 calendar year has been set at US70 cents to US80 cents per payable pound of copper, and is expected to remain in the lowest cost quartile.

Total open pit movement will significantly reduce in 2016 to between 30Mt to 35Mt as the strip ratio declines. As a consequence, in March 2016, Thiess will demobilise another excavator fleet. With less material movement, open pit unit mining costs will increase slightly to $6.40 to $6.60 per tonne, however the reduction in open pit strip ratio to around 1:1 times results in overall lower costs per tonne of ore.

Underground ore movement will increase in 2016 to between 2.0 and 2.2Mt as the underground continues to expand. As previously announced, work commenced earlier in the year on a second decline into the underground to further increase the capacity of the mine and make it more efficient. Across OZ Minerals, a continued focus on cost reductions will see further efficiencies driven through the business.

A decision on development options for Carrapateena will be made in February 2016 which will determine the pathway forward to unlock the value in this undeveloped project.

Corporate costs are expected to be around $25.0 million with the lean and devolved business model being implemented across the company.

[4] This information is extracted from the report entitled 'Record production sets scene for dividends and growth' released to the ASX on 10 February 2016 and is available at http://www.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

Risks

OZ Minerals' operating and financial results and performance is subject to a wide range of risks and uncertainties including financial, political, operational or environmental. The Consolidated Entity manages and mitigates these risks where appropriate to minimise adverse impact on its performance. A flat corporate governance structure and direct channels of communication ensures timely responses to emerging risks.

The Board has oversight responsibility and determines overall risk appetite for the Consolidated Entity. OZ Minerals operates a risk management system with multiple lines of defence with line managers and operational staff; corporate functions that establish standards for managing risk; and the Committees of the Board which review risk management as part of their role of oversight and inspection. Provided in the table below are the risks and mitigants that were identified by the company which have the potential to affect future operating and financial performance.

While development of mitigating controls minimises adverse impact on the performance of the company, should any of these elements be subject to failure or disruption, the Company's expected financial result may be significantly impacted.

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 income and cash flows of the company and has historically been solely dependent on the one source of ore from the Open pit.	Prominent Hill now operates an integrated underground mine with multiple areas that mitigate the sole dependence on the Open pit. The company has an active program focussed on the utilisation of 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 shipped to overseas destinations from the Port of Adelaide. The use of customised containers with lids and rotainers to load concentrate onto ships mitigates the risk of spillage and impact on the environment.
Growth strategy		
Pathways to growth through acquisition or development of value accretive copper assets continue to be a key element of the Company's growth strategy.	Extension of mine life at Prominent Hill since operations began in 2009 and acquisition of Carrapateena and definition of a 202Mt resource as well as a high grade 61Mt resource have added value to the Company's shareholders. With the downtrend in commodity prices and expected long-term shortages in copper supplies OZ Minerals competes with other entities in acquiring projects that generate excellent shareholder value.	The primary focus is that any potential transaction will be value accretive to the Company's shareholders. OZ Minerals evaluates each opportunity with due care and relies on expert opinion, both internal and external, where necessary. OZ Minerals' Finance department supports the activities of the whole Group, is involved at the earliest stage of transactions and projects and is responsible for the assessment of financial risk and returns.

Context	Risk	Mitigation/Actions
Operational Risks		
Class action litigation risks		
The Company is and has been a defendant in class action litigation in connection with the merger of Oxiana and Zinifex in July 2008 and the refinancing of the Company's debt facilities in 2008 and 2009. In all these matters, the Company has denied liability. On 1 July 2011 the Federal Court of Australia formally approved a settlement deed for class actions brought by shareholders of OZ Minerals/Oxiana. That settlement was reached without admission of liability by OZ Minerals.	OZ Minerals is the respondent in representative proceedings commenced on 25 February 2014 in the Federal Court of Australia by former Zinifex shareholders who were Zinifex shareholders on 1 July 2008 and acquired shares in OZ Minerals on 1 July 2008 as a result of the merger between Oxiana and Zinifex and who have not settled the claims the subject of the class action with OZ Minerals previously. The applicant's statement of claim alleges that OZ Minerals breached its continuous disclosure obligations and engaged in misleading or deceptive conduct and/or made false and misleading statements as a result of which the applicant and other Zinifex shareholders who obtained OZ Minerals shares at the time of the merger with Oxiana suffered loss and damage.	OZ Minerals is vigorously defending these proceedings. Even if liability is found to exist, it is possible that OZ Minerals may be able to reduce its liability and/or transfer some of its liability to third parties via claims for contribution and apportionment defences. Cross claims have been filed against third parties, including certain current and former directors and officers of Oxiana and Zinifex and advisers to these entities. Claims for payment of legal expenses have been received from current and former directors and officers of the Consolidated Entity and an adviser who are cross respondents in the current proceedings. The Consolidated Entity is providing moneys in relation to these claims under Deeds of Indemnity and other indemnities. Depending on the outcome of the proceedings, the Consolidated Entity may be able to recover some of these monies. However, the outcome of the proceedings is uncertain. Mediation in the class action proceedings is expected to occur in early March 2016 and the trial is scheduled to commence on 1 June 2016. There are a number of variables associated with class action litigation and significant uncertainty regarding the outcome. It is not possible to make an assessment of the outcome (including uncertainty as to the Consolidated Entity's ability to recover costs) of these proceedings or to provide a reliable estimate of its financial effect on the Consolidated Entity.
Contract management		
Many aspects of the Prominent Hill operations 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, for example, fuel and other key consumables; changes in economic conditions which impact on margins required by contracting partners; and changes in mining assumptions such as ore grades and pit designs.	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 its risks of non-performance by its contractors while deriving the highest value to its shareholders. OZ Minerals initiated a project in the fourth quarter of 2015 to review its contracts to identify efficiencies and unlock cost savings. The Company's operational and financial results are impacted by the performance of these contractors, the input costs charged, and the associated risks relating to these contractors, many of which are outside the control of the Company.

Context	Risk	Mitigation/Actions
Operational Risks (continued)		
Geotechnical failure		
The open pit and underground mining operations remain subject to geotechnical uncertainty and adverse weather conditions which may manifest in a pit wall failure or rock falls, mine collapse, cave-ins or other failures to mine infrastructure and reduced productivity.	The depth of the open pit will increase until mining ceases in 2018 and concurrent mining of multiple underground areas result in 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 and where possible activities are undertaken to reduce the risk of geotechnical failure. Open pit stability de-risking activities progressed during the quarter with the completion of de-pressurisation wells. Separately, the successful drilling and installation of horizontal depressurisation holes in the south wall of the open pit continues to further mitigate the risk factors associated with wall instability. The movement in the open pit walls has been at its lowest since monitoring commenced.
Estimates of reserves and resources		
The assessment of reserves and resources involves areas of estimation and judgement.	The preparation of these estimates involves application of significant judgment and no assurance of level of recovery of minerals or 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 JORC guidelines and in some instances 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 a high grade copper concentrate to overseas and local customers and any disruption to the logistics chain from production through to delivery to the customer can result in significant financial impacts.	Concentrates marketability is dependent 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 along with fluorine and uranium impurities. Regulators in various jurisdictions may change limits or approach to assessment guidelines for impurities in concentrate which 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 to match smelter demand and production from the Prominent Hill mine for concentrate grades and timing along with a range of controls to manage the fluorine and uranium impurities. During 2015, the customer base for Prominent Hill concentrate was expanded and diversified with the inclusion of a number of customers with diverse requirements that match the profile of expected concentrate production. OZ Minerals has multiple marketing options including but not limited to ore blending, concentrates blending and additional flotation treatment in the existing plant. OZ Minerals maintains a diverse customer portfolio to mitigate against the risk of regulatory changes to importation requirements.

Context	Risk	Mitigation/Actions
Market Risks		
Commodity Prices and Exchange rates	OZ Minerals has no influence over the determination of copper, gold and silver prices in the global commodities market or the Australian/US dollar exchange rates.	The Company aims to realise average copper prices which are materially consistent with the prevailing average prices. Any uneven exposure to price in a particular month is managed through shipment schedules or undertaking LME futures transactions. The Company's functional currency is the Australian dollar which reflects the majority of its cost base. In January 2016, the Company determined to maintain Australian dollars with US$ holding maintained only to meet US$ commitments. The Company does not take a position on the level of the Australian dollar or take active steps to hedge the currency risk.
SHEC		
Process safety failures resulting in Injuries or fatalities	OZ Minerals undertakes operations in areas which may pose a safety risk, including but not limited to areas such as handling explosives, underground operations subject to rock fall, confined spaces, areas where heavy and light vehicles interact, manual handling and operating at height. Operating a fly in fly out operation also introduces the risk that is inherent in air travel, as contractors and employees are required to regularly commute by aircraft.	OZ Minerals is committed to the safety of its people and all work processes have a high safety focus. OZ Minerals operates in partnership with its contractors and is actively building a shared safety culture between employees and contractors working on our sites. Active engagement at all levels of operations and senior leadership teams combined with activities focussed on identifying and eliminating drivers of safety incidents has delivered significant successes that has resulted in a sustained reduction in the number of recordable injuries.
Environmental spills from marketing or processing activities The Company operates under a range of environmental regulations and guidelines.	Environmental regulations and occupational health and safety guidelines for certain products and by-products produced or to be produced are generally becoming more onerous.	The Company is required to close its operations and rehabilitate the land affected by the operation at the conclusion of mining and processing activities. Estimates of these costs are reflected in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets as provisions in the financial statements. In estimating these costs, management seek external assistance and review where appropriate. However actual closure costs may be higher than estimated as these are costs to be incurred following the closure of mining operations over a long time period.

Context	Risk	Mitigation/Actions
SHEC (continued)		
Maintenance of community relations and good title	The Company works closely with local communities particularly the indigenous communities in South Australia. Located within the 'green zone' of the Woomera Prohibited Area, agreements with the Commonwealth of Australia govern the terms of access.	Access and compensation agreements, which are reviewed and updated from time to time, are in place with communities affected by mining activities. 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 that these operations may have on mining operations. 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 disruptions to operations.

Business strategies, prospect and likely developments

This report sets out the information on the business strategies and prospects for future financial years and refers to likely developments in OZ Minerals' operations and the expected results of the operations in future financial years. Information in this report is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Consolidated Entity. Detail that could give rise to likely material detriment to OZ Minerals, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included.

Remuneration consideration to Executive KMP during 2015

For full details of the audited cost to the Company of the remuneration of the Executive KMP, calculated in accordance with the accounting standards and the *Corporations Act 2001*, refer to Table 6 of the Remuneration Report.

The unaudited table below includes details of remuneration actually delivered to the Executive KMP for the financial year 2015 and has been prepared to provide greater transparency to shareholders regarding remuneration outcomes.

KMP	Cash salary[(a)] $	Short term incentive $	Retention payment $	Long term incentive[(b)] $	Other benefits[(c)] $	Superannuation[(d)] $	Termination benefits[(e)] $	Total $
Current								
Andrew Cole								
2015	716,860	675,000	-	-	5,448	33,140	-	1,430,448
2014	52,114				180,715	4,951		237,780
Luke Anderson								
2015	107,150	79,225	-	-	-	10,179	-	196,554
2014	-	-	-	-	-	-	-	-
Former								
Andrew Coles								
2015	647,792	273,611	100,000	-	1,773	19,308	562,320	1,604,804
2014	543,031	421,740	-	-	1,745	18,783	-	985,299

(a) The cash salary reflects the total amount of fixed pay received by the Executive KMP, as set out in Table 6 in the Remuneration Report. Annual leave and long service leave entitlements for Mr Coles of $80,719 and $117,780 respectively were paid upon cessation of employment and are included in cash salary above.

(b) For the value of share based long term incentives calculated in accordance with the accounting standards, refer to Table 6 in the Remuneration Report. This Long Term Incentive column is unaudited and records the actual value realised by the Executive KMP during the period they were KMP rather than the value calculated according to the accounting standards. Subsequent to ceasing as a member of KMP, Andrew Coles became entitled to receive 52,375 shares as a result of successful achievement of the TSR hurdle in relation to performance rights granted to him in 2012.

(c) Other benefits include the value (where applicable) of benefits such as compulsory annual health checks, car parking or other benefits that are available to all employees of OZ Minerals. These amounts have been determined in accordance with the accounting standards, are inclusive of Fringe Benefits Tax, where applicable, and are consistent with the amounts disclosed in the total remuneration in Table 6 of the Remuneration Report. Other benefits paid to Mr Cole in 2014 included payment of relocation costs for Mr Cole and his family from Canada to Australia. Other benefits do not include net accruals for long service leave or accrued annual leave.

(d) Represents direct contributions by the Company to superannuation funds. Amounts greater than the maximum superannuation level have been paid and included in cash salary.

(e) Mr Coles ceased employment on 23 October 2015 due to a redundancy event. Termination payments made to Mr Coles, in accordance with the terms of his employment contract include 12 months' fixed remuneration capped as per the requirement of the *Corporations Act 2001*.

Letter from the Chair of the Remuneration Committee

Dear Shareholders

2015 has been a year of transformation at OZ Minerals.

During this significant period of change, the Human Resources & Remuneration Committee (**Committee**) has focused on ensuring remuneration at OZ Minerals is designed to maintain alignment with shareholder interests (both short term and long term); that remuneration remains market competitive and that it is clearly communicated to shareholders. This enables OZ Minerals to retain and attract a diverse range of skilled people vital to delivering a sustainable future, and thereby achieve strategic objectives and maximise shareholder value.

Your Company's remuneration policy and structure for senior executives who are members of the key management personnel of the Company (**Executive KMP**) is largely unchanged from the previous year. Executive KMP remuneration is delivered as a mix between fixed remuneration (including base salary and superannuation) and variable at-risk remuneration, including performance based awards, including a Short-Term Incentive (**STI**) and a Long-Term Incentive (**LTI**).

During 2015, the company conducted a business strategic review, involving an analysis of the organisational structure and its appropriateness for the OZ Minerals business. As a result of this review the Board decided to relocate the company's corporate office to Adelaide, and to adjust the structure and composition of the senior management team. Following this, a number of new senior executives joined the OZ Minerals leadership team during 2015 with a broad mix of skills and experience that are highly complementary to our new strategy.

Details of the new Executive team, their experience and qualifications can be found on the OZ Minerals website.

Key Highlights for Remuneration in 2015

- 2015 has been a significant year of transformation, innovation and operational excellence. We have built a new growth oriented strategy from the ground up, moved head offices from Melbourne to Adelaide and recruited a new leadership team.
- OZ Minerals has delivered strong and consistent results throughout the year in the key areas of safety performance, cost management and increased production.
- The Committee Appointed PwC as its independent remuneration advisor to provide expert advice on alternative designs for the LTI.
- To further enhance the alignment of the Executive team's interests with those of the shareholders, the comparator group for LTI awards made in 2015 has been refined to ensure more relevant comparator companies are included, with a specific focus on copper and gold companies.
- As result of strong performance in 2015, the Board (with the support of the Committee) has determined to make available the full STI opportunity to eligible employees, subject to the consideration of individual performance, as defined in the STI plan rules.
- When considering the context of the wider mining sector and the comparative position of salaries in OZ Minerals, the Committee determined not to award salary increases across the business in 2016.

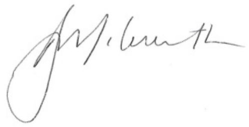
Key Developments for Remuneration in 2016 and beyond

- As a result of the Company's strategic review, the Board will be reassessing those positions which make up Key Management Personnel (KMP). This will be done in accordance with the updated roles and responsibilities of the new Executive team. The outcome of this process will be reflected in the 2016 Remuneration Report.
- Following on from a review of LTI design in 2015, an additional performance hurdle will be introduced to the 2016 LTI plan. In order to further align interests of shareholders and management a gain sharing component will be included. This component will target a 20% increase in absolute share price over the LTI performance period on a cliff vesting basis (i.e. recipient will receive the entire component if a 20% increase or greater is achieved and none of the component if the absolute share price increase is less than 20%). The remaining proportion of the LTI opportunity for senior executives will retain the current vesting criteria, being relative TSR which will account for approximately 70% of the LTI award, and the new component of absolute share price increase being approximately 30% of the total LTI award. This will result in the overall LTI opportunity for KMP being slightly increased.

The Board is determined to continue its focus on the longer term strategy of the business and delivering well aligned and transparent remuneration outcomes.

Thank you for your ongoing support of OZ Minerals.

Yours Sincerely



Rebecca McGrath

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 2015. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

1. Details of Key Management Personnel

The Consolidated Entity's Key Management Personnel ('KMP') during 2015 are listed in Table 1 below, and consist of the Non-Executive Directors ('NEDs'), and the Executive KMP who are accountable for planning, directing and controlling the affairs of the Company and its controlled entities.

Table 1 - KMP during 2015

Name	Position	Period as KMP during the year
Executive KMP		
Current		
Andrew Cole	Managing Director & CEO	All of 2015
Luke Anderson	Chief Financial Officer	From 12 October 2015
Former		
Andrew Coles	Chief Financial Officer	Ceased employment 23 October 2015
Non-Executive Directors		
Current		
Neil Hamilton	Independent Chairman	All of 2015
Paul Dowd	Independent NED	All of 2015
Charles Lenegan	Independent NED	All of 2015
Rebecca McGrath	Independent NED	All of 2015
Dean Pritchard	Independent NED	All of 2015
Former		
Brian Jamieson	Independent NED	Retired 25 May 2015

2. Remuneration policy

2.1 Overview of remuneration policy and practices

The remuneration policy outlined below demonstrates the linkage between remuneration and business strategies and the impact that those imperatives have on the actual remuneration arrangements of the Company. The overriding business objective is to achieve superior returns compared to the Company's peers in the resources sector.

The Company's remuneration policy is underpinned by the following guidelines on remuneration:

Box 1 – Remuneration principles

Business needs and market alignment	OZ Minerals' remuneration policy is focused on the achievement of our corporate objectives. Remuneration is set having regard to market practices and aligned with the achievement of returns to our shareholders.
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	The mix of remuneration is an important aspect of OZ Mineral's remuneration policy. Fixed remuneration is set at a competitive level, positioned to have regard to the challenges of attracting and retaining high performers in business critical roles, particularly in the mining industry. The "at-risk" components of remuneration are dependent on challenging goals and focused on incentivising Executive KMP in achieving business critical objectives and returns to shareholders.
Talent management	Remuneration policy is tightly linked with the performance and talent management frameworks in order to reward and recognise the achievement of role accountabilities and to support the engagement of future leaders.
Governance, transparency and communication with shareholders	OZ Minerals is committed to developing and maintaining remuneration policy and practices that are targeted at the achievement of corporate objectives and the maximisation of shareholder value. It will openly communicate this to shareholders and other relevant stakeholders, and will always be within the boundaries of legal, regulatory and industrial requirements. The Board has absolute discretion in the development, implementation and review of the key aspects of remuneration.

2.2 Use of remuneration consultants

The Board and Human Resources and Remuneration Committee seek and consider advice from independent remuneration consultants to ensure that they have at their disposal information relevant to the determination of all aspects of remuneration relating to the Executive KMP. The engagement of remuneration consultants is governed by internal protocols which set the parameters around the interaction between management and the consultants ('Protocols') with a view to minimising the risk of any undue influence occurring and ensuring compliance with the requirements of the *Corporations Act 2001*.

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 for the Committee and any relationships that exist between any KMP and the consultant;
- communication between the remuneration consultants and KMP is restricted to minimise the risk of undue influence on the remuneration consultant; and
- 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 advice and recommendations of remuneration consultants are used as a guide by the Board and the Human Resources and Remuneration Committee. Decisions are made by the Board after its own consideration of the issues but having regard to the advice of the Human Resources and Remuneration Committee and the consultants. No remuneration recommendations within the meaning established by the *Corporations Act 2001* were received during 2015.

Remuneration Report

2.3 Review of Executive KMP remuneration

To ensure that executive remuneration remains consistent with the Company's remuneration policy and guiding principles, remuneration is reviewed annually by the Board with the assistance of the Human Resources and Remuneration Committee and, where needed, external remuneration consultants. In conducting the remuneration review the Board considers:

- the remuneration policy and practices;
- the core skills and experience required of each role in order to grade positions accurately;
- market benchmarks using salary survey data from the Australian Industrials and Resources sectors;
- individual performance against key job objectives as specified in the person's annual performance contract, and with comparison against their peers; and
- business plans and budgets.

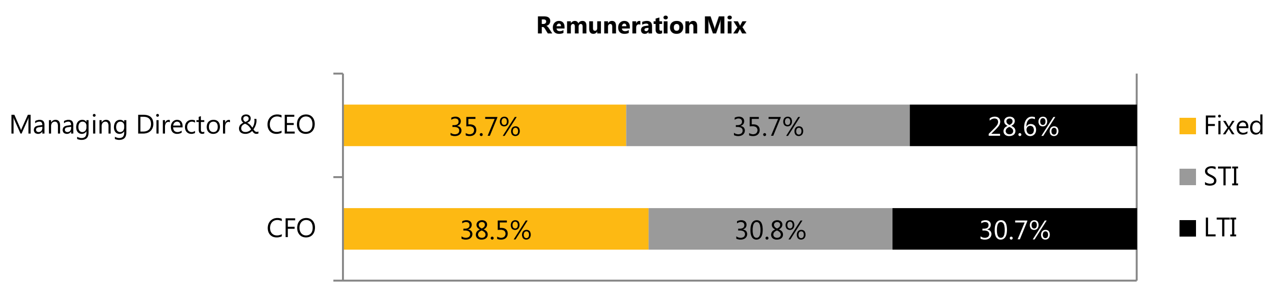
2.4 Components of Executive KMP remuneration

Box 2 – Remuneration mix

Fixed remuneration	"At-risk" remuneration	
	Short Term Incentive ('STI')	Long Term Incentive ('LTI')
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	Variable, performance based, annual cash incentive plan designed to reward high performance against challenging, clearly defined and measurable objectives that 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, linked to the Company's medium to long term TSR performance

The mix of fixed and at-risk remuneration varies depending on the role and grading of executives (being the Managing Director & CEO and his direct reports), and also depends on 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 percentage of fixed to at-risk remuneration would be as follows:



Box 3 - Questions and answers about Executive KMP remuneration

Fixed remuneration	
What is included in fixed remuneration?	An Executive KMP's fixed remuneration comprises salary and certain other benefits (including statutory superannuation contributions) that may be taken in an agreed form, including 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 & CEO and Executive KMP must be approved by the Board after recommendation by the Human Resources and Remuneration Committee. The Company seeks to position the fixed remuneration at between the 50^{th} and 75^{th} percentile or higher for business critical roles of salaries for comparable companies within the mining market and, where appropriate, the broader general industry market.

STI	
Why does the Board consider an STI Plan is appropriate?	Variable performance based remuneration strengthens the link between pay and performance. The purpose of these programs 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?	The performance conditions or KPIs are set and weighted at the beginning of each year and 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 Board assesses and sets the KPIs applicable to the Managing Director & CEO's STI award, and the Managing Director & CEO assesses and sets the KPIs for each of his direct reports in consultation with the Board. For 2015, the key areas of focus included improving the Company's operational and financial performance, sustainability performance, and progressing the Company's growth objectives. Personal KPIs were also set to take into account individual performance of each Executive KMP and their ability to influence the outcome of the Company's performance. The KPIs for Mr Andrew Cole as the Managing Director & CEO for 2015 comprised: • **Operational and Financial performance** with a weighting of **40 percent** which was assessed against EBITDA performance, free cash generation, overhead costs, working capital and cost to concentrate optimisation initiatives; • **Sustainability performance** with a weighting of **20 percent** which was assessed against the achievement of safety targets (such as a significant reduction in total recordable injury frequency and severity rates), improving significant potential safety risks, improving stakeholder relationships, diversity performance and compliance; and • **Strategy & Growth performance** with a weighting of **40 percent** which was assessed against increasing mineable reserves & growth pipelines, delivering value enhancing strategies & plans for existing resources and improving concentrate quality and sales terms & conditions. The functional KPIs for the role of Chief Financial Officer included the KPIs listed above and personal KPIs related to the achievement of targets and objectives in the functional areas over which the role has responsibility being finance, tax, treasury, commercial services, information technology and sales & marketing. The relevant KPIs for individual performance also related to contribution as a member of the Executive Committee including the successful transition of duties from Mr Coles to Mr Anderson, and implementation and development of the Company's strategy.
Is there an overriding financial performance condition or other condition?	Yes. The availability of the STI Pool is subject to the discretion of the Board, having regard to 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?	The STI Plan is designed to reward Executive KMP at three pre-determined performance levels – threshold, target and stretch. **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. **Stretch performance** represents outstanding performance.
What is the value of the STI opportunity?	For 2015, the STI reward opportunity (represented as a percentage of total fixed remuneration) was: • Managing Director & CEO – Target 70%, Maximum 100% • Chief Financial Officer – Target 56%, Maximum 80% The amount of STI reward awarded was dependent upon achievement of all KPI targets.
How is STI assessed?	The Managing Director & CEO assesses the business performance of the executive team 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. As a higher level review, the Board also reviews the performance assessment of all executives who report directly to the Managing Director & CEO, with a view to understanding, endorsing and / or discussing individual circumstances and potential. The Human Resources and Remuneration Committee and the Board assess the performance of the Managing Director & CEO against the performance targets and objectives set for that year. The Board considers the method of assessing STI as described above appropriate as the Managing Director & 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 executives 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, subject to the discretion of the Board and conditional upon the individual performance of the relevant executive.
LTI	
Why does the Board consider a LTI Plan is 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 have regard to 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; and • 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 returns to shareholders.
How is the award delivered?	Performance Rights are granted under the OZ Minerals LTI Plan as further detailed in the table below.
Was a grant made in 2015?	A grant was made on 21 July 2015 to all continuing participants in the LTI Plan. The number of performance rights granted to each executive was calculated as their LTI opportunity divided by the volume weighted average share price on the five trading days up to and including the grant date (being $3.89 per share). The grant of rights to Mr Luke Anderson in 2015 is pro-rated to take into account the period of service and was granted on 4 December 2015.
What are the performance conditions?	The performance conditions are: (a) the executive meeting the Service Condition; and (b) OZ Minerals meeting the LTI Performance Condition. The two conditions are referred to as the Vesting 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'). **LTI Plan Performance Condition** The LTI Plan performance condition is the Company's TSR as measured against a Comparator Group. The Board considers that TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and ensures 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 is the most widely used long term incentive hurdle in Australia. To ensure an objective assessment of the relative TSR comparison the Company employs an independent organisation to calculate the TSR ranking. The performance rights will only vest where the TSR performance of the Company relative to the selected Comparator Group measured over the Performance Period is at the 50th percentile or above.

TSR ranking versus Comparator Group	Percentage of maximum award
Below the 50^{th} percentile	0 percent vest
At the 50^{th} percentile	50 percent vest
Between the 50^{th} and 75^{th} percentile	Between 50 percent and 100 percent vest progressively by using a straight line interpolation
At or above the 75^{th} percentile	100 percent vest

Why were the performance conditions chosen?	The approach to linking individual executive performance (including mandatory service periods) and Company performance to the vesting of performance rights is standard market practice. The conditions are aimed at linking the retention and performance of the executives 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 the achievement of returns for shareholders.

What is the comparator group?

The comparator companies selected for 2015 are considered to be alternative investment opportunities to OZ Minerals for local and global investors and are impacted by commodity prices and cyclical factors in a similar way to OZ Minerals. The list of comparator group companies for 2015 appears in the following table.

2015 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

Comparator group companies relating to the 2012-2014 LTI grants are as follows:

Anglo American Plc, Antofagasta Plc, Barrick Gold Corporation, BHP Billiton Limited, Boliden AB, Capstone Mining Co, First Quantum Minerals Limited, Freeport McMoran Copper & Gold Inc, HudBay Minerals Inc, Ivanhoe Mines Limited, Katanga Mining Limited, Kaz Minerals Plc, KGHM International Limited, Lundin Mining Corporation, Newcrest Mining Limited, Newmont Mining Corporation, Rex Minerals Limited, Rio Tinto Limited, Sandfire Resources NL, Southern Copper Corporation, Taesko Mines Limited, Vedanta Resources Plc. Mercator Minerals Limited was removed due to the appointment of administrators, and PanAust Limited was removed due to its delisting.

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 due to resignation, 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 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 of OZ Minerals, the Board has 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 based on the portion of the relevant performance period that has elapsed up to the change of control, and the Board retains a 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, including 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 is 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 the participants in the LTI Plan 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. Transactions entered into prior to 19 November 2009, when the prohibition was introduced, are exempted from the policy. 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. Company performance and remuneration outcomes

3.1 Company performance

A summary of OZ Minerals' business performance as measured by a range of financial and other indicators is outlined in the table below.

Table 2 - Company performance [(a)]

Measure	2015	2014	2013	2012	2011
Earnings/(losses) before interest, income tax, depreciation from continuing operations - $m	471.9	352.4	(215.5)	353.9	510.1
Net profit/(loss) after income tax - $m	130.2	48.5	(294.4)	152.0	274.5
Net cash inflow from operating activities - $m	429.8	221.5	179.1	344.8	647.1
Basic earnings/(loss) per share – cents(b)	42.9	16.0	(97.1)	49.5	85.6
Share price at end of year - $(b)	4.05	3.48	3.15	6.70	10.01(c)
Dividends paid per share - cents(b)	6	20	30	40	70
Capital return per share - $(b)	–	–	–	–	1.20
Shares bought back on market and cancelled - $m	–	–	–	100.1	99.9

(a) Refer to the Operating and Financial Review section in the Directors Report for a commentary on the consolidated results, including underlying performance of the Company.

(b) Where applicable, amounts in the table above have been adjusted for the 1:10 share consolidation completed in 2011.

(c) The share price at the beginning of 2011 was $17.20.

3.2 STI Performance and Outcomes for 2015

The Chairman and the Board, with the assistance of the Chair of the Human Resources and Remuneration Committee, undertook a review of the Managing Director & CEO's performance against each of his 2015 KPIs. The Managing Director & CEO reviews the performance of each of the Executive KMP against their 2015 KPIs, and seeks the approval of the Human Resources and Remuneration Committee in determining STI award outcomes.

The STI targets and weightings are set out in the following table.

Table 3A – STI award percentage for Executive KMP

In accordance with the procedure set out in Section 2, an assessment was undertaken of the performance of each of the Executive KMP against their 2015 KPIs.

KPI category	Weighting Managing Director & CEO (maximum)(a)	STI Outcome for 2015 (weighted performance outcome)	Weighting Chief Financial Officer (maximum)(b)	STI Outcome for 2015 (weighted performance outcome)
Operational and Financial	40%	36%	40%	34%
Sustainability	20%	16%	20%	15%
Growth	40%	38%	40%	36%
Overall Awarded Percentage	100%	90%	100%	85%

(a) The Managing Director & CEO's maximum STI award was 100 percent of his fixed remuneration.

(b) The Chief Financial Officer's maximum STI award was 80 percent of his fixed remuneration.

Details of the amounts payable to the Executive KMP appear in Table 3B below.

Table 3B – STI payments to Executive KMP in 2015

Details of STI payments awarded to Executive KMP as a result of 2015 performance are included in the table below:

Name	STI Payment $	Maximum potential value of STI payment[(a)] $	Percentage of maximum potential STI payment awarded %	Percentage of maximum STI payment forfeited %
Current				
Andrew Cole	675,000	750,000	90%	10%
Luke Anderson[(b)]	79,225	93,205	85%	15%
Former				
Andrew Coles[(b)]	273,611	364,815	75%	25%

(a) The minimum potential value of the payments was nil. The maximum potential value of payment represents the achievement of stretch performance. This amount was pro-rated to take into account the period of service for Mr Anderson, who's full year potential entitlement would have been $420,000, and for Mr Coles $449,856 for a full year of service. The Managing Director & CEO's maximum STI award was 100 percent of his fixed remuneration. The Chief Financial Officer's maximum STI award was 80 percent of his fixed remuneration.

(b) The CFO STI also contemplates personal KPI performance relative to role as part of the overall STI outcome and is pro-rated for period of service during 2015. Mr Andrew Coles pro-rated STI payment was determined at the time of cessation, considering relative company and personal performance against targets at that time. This was due to the CFO role transition resulting from the relocation of Melbourne Corporate office to Adelaide.

3.3 LTI Performance and Outcomes for 2015

The LTI awards on foot during the year (including those granted as part of the 2015 LTI awards) are detailed in the table below.

Table 4 – LTI awards on foot

Executive KMP	Grant Date	Number of Performance Rights	Maximum value of grant[(a)]	Fair value per performance right[(b)]	Performance and Service Period[(d)]	Expiry Date	Vesting outcomes
Andrew Cole	**21 July 2015**	154,344	754,742	$2.82	1 July 2015 - 30 June 2018	15 August 2018	To be determined
Andrew Coles	**21 December 2012**	64,043	736,495	$4.05	21 December 2012 – 20 December 2015	28 February 2016	Vested [(c)]
	20 December 2013	78,395	599,722	$1.97	20 December 2013 – 19 December 2016	28 February 2017	To be determined [(c)]
	28 July 2014	94,153	455,701	$3.12	1 July 2014 - 30 June 2017	15 August 2017	To be determined [(c)]
	21 July 2015	115,721	565,875	$2.82	1 July 2015 - 30 June 2018	15 August 2018	Lapsed [(c)]
Luke Anderson	**4 December 2015**	23,680	115,795	$3.41	1 July 2015 - 30 June 2018	15 August 2018	To be determined

(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 2015 grant this was $4.89 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) Upon cessation of employment the number of performance rights available to vest was amended for each annual grant in accordance with the principles described in Box 3. These amendments resulted in less performance rights which could potentially vest as follows: 2012: 60,648, 2013: 48,243, 2014: 39,296. As a result, 88,405 performance rights lapsed in addition to the full amount of the 2015 grant. In accordance with the plan rules, TSR was tested for the 21 December 2012 grant which resulted in 52,375 shares accruing to Mr Coles as a result of successful achievement of the TSR hurdle. The remaining performance rights held by Mr Coles following his termination will remain on foot and subject to TSR testing in accordance with the original terms of the grant.

(d) The service period for Luke Anderson was from the date performance rights were granted to 30 June 2018.

Performance rights granted under the OZ Minerals LTI Plan are granted for no consideration. Performance rights carry no dividend or voting rights. On vesting of a performance right, one ordinary share in the Company will be allocated. The vesting condition for each grant is the relative TSR performance 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.

Although the terms of each of the above LTI awards are predominantly the same as those awarded in 2015, full details of the prior awards 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 10.

4. Executive KMP employment arrangements

The remuneration arrangements for Executive KMP are formalised in employment contracts. Each of these agreements provide for the payment of fixed remuneration, performance-related cash bonuses under the STI Plan (as discussed above), other benefits, and participation, where eligible, in the Company's LTI Plan (as discussed above).

Table 5 - Termination provision of Executive KMP - during 2015

Name	Term of contract	Notice period by either party	Termination benefit
Current			
Andrew Cole	Permanent – ongoing until notice has been given by either party.	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 requirements for termination by Company for cause.	Twelve months fixed remuneration in the case of termination by the Company. No termination benefits (other than accrued entitlements) in the case of termination by the Company for cause.
Luke Anderson	Permanent – ongoing until notice has been given by either party.	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice requirements for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company. No termination benefits (other than accrued entitlements) in the case of termination by the Company for cause.
Former			
Andrew Coles	Permanent – ongoing until notice has been given by either party.	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice requirements for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company. No termination benefits (other than accrued entitlements) in the case of termination by the Company for cause. Upon the occurrence of a fundamental change in the role, the executive may terminate his or her employment within thirty days of the event giving rise to the fundamental change and receive the same payments from the Company as if it was a termination by the Company for no cause.

5. Total remuneration for Executive KMP

Table 6 - Total rewards to Executive KMP

	Short-term benefits					Long term benefits	Post employ-ment benefits		Share-based payments		
	Cash salary $	STI payment $	Accrued annual leave[(a)] $	Retention payment[(b)] $	Other benefits[(c)] $	Long term benefits other[(d)] $	Super-annuation[(e)] $	Termin-ation benefits[(f)] $	Value of perfor-mance rights[(g)] $	Total remuner-ation $	Percent of remuneration "at-risk" %
Current											
Andrew Cole											
2015	716,860	675,000	36,346	-	5,448	4,848	33,140	-	65,996	1,537,638	48%
2014	52,114	-	4,609	-	180,715	130	4,951	-	-	242,519	-
Luke Anderson											
2015	107,750	79,225	9,476	-	-	556	10,179	-	2,339	209,525	39%
Former											
Andrew Coles											
2015	647,792	273,611	(121,627)	100,000	1,773	(116,260)	19,308	562,320	217,800	1,584,717	37%
2014	543,031	421,740	24,200	-	1,745	5,799	18,783	-	268,529	1,283,827	54%

(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. The annual leave entitlement for Mr Coles of $80,719 was paid on cessation of employment, and is included in Cash salary above. The credit of ($121,627) reflects the reversal of the annual leave accrual.

(b) Retention payment made to Mr Coles in October 2015 in respect of his continued service from January to October 2015 following the decision to relocate the corporate office from Melbourne to Adelaide.

(c) Other benefits include the value (where applicable) of benefits such as compulsory annual health checks, car parking or other benefits that are available to all employees of OZ Minerals, and are inclusive of Fringe Benefits Tax where applicable. Other benefits paid to Mr Cole in 2014 included payment of relocation costs for Mr Cole and his family from Canada to Australia.

(d) Represents the net accrual movement for Long Service Leave (LSL) over the twelve month period which will only be paid if Executive KMP meets legislative service conditions. LSL has been separately categorised and is measured on an accrual basis and reflects the movement in the accrual over the twelve month period. The long service leave entitlement for Mr Coles of $117,780 was paid on cessation of employment, and is included in Cash salary above. The credit of ($116,260) reflects the reversal of the long service leave accrual.

(e) Represents direct contributions to superannuation funds. Amounts greater than the maximum superannuation level have been paid and included in cash salary.

(f) Termination payments made to Mr Coles, in accordance with the terms of his employment contract include twelve months' fixed remuneration capped as per the requirement of the *Corporations Act 2001*.

(g) 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.

6. 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. In the past the Company paid retirement benefits to NEDs. These benefits were frozen at 31 December 2005 and the value at that date is adjusted each year at a bank interest rate. Details are set out in Table 8.

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, based on a recommendation from the Human Resources and Remuneration Committee, not to increase the fees paid to Non-Executive Directors in 2016.

Table 7 - 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 & Remuneration	21,528	10,764
Nomination & Board Governance [(a)]	–	5,382

(a) The Nomination & Board Governance committee was disbanded in 2015 and responsibility for activities have been merged into the Board

All Directors (including the Chairman) are entitled to superannuation contributions (or cash in lieu thereof) equal to 9.5 percent calculated on base Board and Committee fees, and are entitled to be reimbursed for travelling 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

Total fees received by NEDs in 2015 were $1,101,018 (2014: $1,189,618) compared with the maximum approved fees payable of $2,700,000. Payments and non-monetary benefits received by NEDs individually are set out in the following table:

Table 8 - Total remuneration paid to NEDs

	Director's fees			Post-employment benefits		
	Board fees and cash benefits $	Committee fees $	Non-monetary benefits $	Retirement benefit adjustment [(a)] $	Company contributions to superannuation [(b)] $	Total fixed remuneration $
Current						
Neil Hamilton						
2015	324,267	–	–	–	18,780	343,047
2014	326,802	–	–	–	15,857	342,659
Paul Dowd						
2015	120,314	33,189	–	–	14,583	168,086
2014	120,314	26,910	–	–	13,803	161,027
Charles Lenegan						
2015	120,314	49,335	–	–	16,117	185,766
2014	126,625	48,438	–	–	9,510	184,573
Rebecca McGrath						
2015	120,314	43,056	–	–	15,520	178,890
2014	120,314	43,056	–	–	15,317	178,687
Dean Pritchard						
2015	120,314	21,528	–	–	13,475	155,317
2014	120,314	21,528	–	–	13,299	155,141
Former						
Brian Jamieson						
2015	50,131	13,455	–	285	6,041	69,912
2014	120,314	32,292	–	617	14,308	167,531

(a) In the past OZ Minerals paid retirement benefits to NEDs, however, these benefits were frozen at 31 December 2005. As advised in previous years, the value at that date is adjusted each year at a bank interest rate and the increase in value from the previous year is accrued in the retirement benefit adjustment. Retirement benefits were adjusted for 2015 at an average bank interest rate of 2.10 percent per annum (2.10 percent in 2014). A total retirement benefit including the retirement benefit adjustment for 2015 of $30,291 had accrued prior to departure. The terms of the retirement benefit scheme were disclosed in the Company's 2005 Annual Report.

(b) Represents direct contributions to superannuation funds. Any amounts greater than the superannuation maximum contribution base have been paid and included in board fees and cash benefits.

7. Equity instrument disclosure relating to KMP

Table 9 – KMP shareholdings

The movement in the number of shares held directly or indirectly by each KMP during the year is set out below:

	Balance at 1 January 2015[(a)]	Shares granted as remuneration	Share acquired on exercise of rights	Net other movements	Balance at 31 December 2015[(b)]
NEDs					
Neil Hamilton	39,500	–	–	–	39,500
Paul Dowd	10,800	–	–	–	10,800
Brian Jamieson	108,527	–	–	–	108,527
Charles Lenegan	20,750	–	–	–	20,750
Rebecca McGrath	5,750	–	–	7,000	12,750
Dean Pritchard	22,720	–	–	–	22,720
Executive KMP					
Andrew Cole	10,000	–	–		10,000
Andrew Coles	21,750	–	–	–	21,750
Luke Anderson	–	–	–	–	–
Total	**239,797**	**–**	**–**	**7,000**	**246,797**

(a) The balance shown for Luke Anderson represents the number of shares held on the date he became a member of the KMP.

(b) The balance shown for Andrew Coles and Brian Jamieson represents the number of shares held on the dates they ceased to be members of the KMP.

Table 10 – KMP performance rights holdings

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

	Balance at 1 January 2015[(d)]	Granted as remuneration	Value of rights granted ($)[(a)]	Vested [(b)]	Exercised	Value of rights vested / exercised ($)	Forfeiture [(c)]	Balance at 31 December 2015[(e)]
Andrew Cole	–	154,344	435,250	–	–	–	–	154,344
Luke Anderson	–	23,680	80,749	–	–	–	–	23,680
Andrew Coles	236,591	115,721	326,333	–	–	–	204,125	148,187
Total	**236,591**	**293,745**	**842,332**	**–**	**–**	–	**204,125**	**326,211**

(a) The fair value of the performance rights granted to Executive KMP on 21 July 2015 calculated on the grant date was $2.82 for Mr Cole and Mr Coles and for Mr Anderson $3.41 (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 30 June 2018.

(b) The number of vested performance rights at 31 December 2015 that were unexercisable was nil (2014: nil). In accordance with the principles set out in Box 3 Mr Coles was permitted to retain a number of his performance rights following his termination. As at the date Mr Coles ceased to be KMP the TSR condition for the 2012 LTI grant had not reached the end of the performance period. Subsequent to his Termination 52,375 performance rights vested following testing of the TSR condition applicable to this grant. The remaining performance rights held by Mr Coles following his termination will remain on foot and subject to TSR testing in accordance with the original terms of the grant.

(c) Upon cessation of employment for Mr Coles the number of performance rights available to vest was amended for each annual grant in accordance with the principles described in Box 3. For the 2012 grant 3,395 rights lapsed, 2013 grant 30,152 rights lapsed, 2014 grant 54,857 rights lapsed and 2015 grant 115,721. The value of performance rights which were forfeited, based on the share price on the date of forfeiture, was $851,204.

(d) The balance shown for Luke Anderson represents the number of performance rights held on the date he became a member of the KMP.

(e) The balance shown for Andrew Coles represents the number of performance rights held on the date he ceased to be a member of the KMP.

8. 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.

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 for the financial year ended 31 December 2015 there have been:

(a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Michael Bray

Partner

Melbourne

10 February 2016

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015	Notes	2015 $m	2014 $m
Revenue from sale of concentrates	1	879.4	831.0
Net foreign exchange gains		33.2	19.3
Other income		5.9	18.4
Changes in inventories of ore and concentrate		79.8	78.7
Consumables, concentrate purchases and other direct costs		(259.0)	(353.4)
Employee benefit expenses	1	(63.9)	(69.2)
Restructuring expenses – employee benefits		(7.6)	–
Exploration and evaluation expenses		(39.5)	(55.1)
Freight expenses		(54.1)	(45.6)
Royalties expense	1	(47.9)	(23.5)
Depreciation expense	7	(285.1)	(296.1)
Other expenses		(54.4)	(48.2)
Profit before net financing income and income tax from continuing operations		186.8	56.3
Financing income		7.6	7.3
Financing expenses		(4.7)	(3.7)
Net financing income		2.9	3.6
Profit before income tax from continuing operations		189.7	59.9
Income tax expense from continuing operations	4	(59.5)	(18.3)
Profit from continuing operations		130.2	41.6
Profit from discontinued operation after income tax		–	6.9
Profit for the year attributable to equity holders of OZ Minerals		**130.2**	**48.5**
Other comprehensive loss			
Items that will not be reclassified subsequently to Income Statement			
Change in fair value of investments in equity securities, net of tax	14	(18.5)	(67.5)
Items that may be reclassified to Income Statement			
Foreign currency translation differences		–	0.1
Items reclassified to Income Statement			
De-recognition of foreign currency translation reserve		–	(2.6)
Other comprehensive loss for the year, net of tax		**(18.5)**	**(70.0)**
Total comprehensive income/(loss) for the year attributable to equity holders of OZ Minerals		**111.7**	**(21.5)**
Basic and diluted earnings per share		**Cents**	**Cents**
Continuing operations	2	42.9	13.7
Discontinued operation	2	–	2.3
Total earnings per share	2	42.9	16.0

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

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Consolidated Statement of Changes in Equity

	Notes	Issued capital $m	Retained earnings $m	Treasury shares $m	Foreign currency translation reserve $m	Total equity $m
For the year ended 31 December 2015						
Balance as at 1 January 2015		2,058.9	190.2	–	–	2,249.1
Total comprehensive income for the year						
Profit for the year		–	130.2	–	–	130.2
Other comprehensive loss		–	(18.5)	–	–	(18.5)
Total comprehensive income for the year		–	111.7	–	–	111.7
Transactions with owners, recorded directly in equity						
Dividends	3	–	(18.2)	–	–	(18.2)
Share-based payment transactions, net of income tax	13	–	4.4	–	–	4.4
Purchase of treasury shares		–	–	(3.1)	–	(3.1)
Exercise of performance rights		–	(2.5)	2.5	–	–
Total transactions with owners		–	(16.3)	(0.6)	–	(16.9)
Balance as at 31 December 2015		2,058.9	285.6	(0.6)	–	2,343.9
For the year ended 31 December 2014						
Balance as at 1 January 2014		2,058.9	266.6	(0.1)	2.5	2,327.9
Total comprehensive loss for the year						
Profit for the year		–	48.5	–	–	48.5
Other comprehensive loss		–	(67.5)	–	(2.5)	(70.0)
Total comprehensive loss for the year		–	(19.0)	–	(2.5)	(21.5)
Transactions with owners, recorded directly in equity						
Dividends	3	–	(60.6)	–	–	(60.6)
Share-based payment transactions, net of income tax	13	–	3.6	–	–	3.6
Purchase of treasury shares		–	–	(0.3)	–	(0.3)
Exercise of performance rights		–	(0.4)	0.4	–	–
Total transactions with owners		–	(57.4)	0.1	–	(57.3)
Balance as at 31 December 2014		2,058.9	190.2	–	–	2,249.1

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

Consolidated Balance Sheet

As at 31 December 2015	Notes	2015 $m	2014 $m
Current assets			
Cash and cash equivalents		552.5	218.5
Trade receivables		91.4	120.1
Other receivables		7.2	7.7
Inventories	5	143.2	147.7
Prepayments		4.9	6.0
Total current assets		799.2	500.0
Non-current assets			
Inventories	5	186.6	105.7
Investments in equity securities	14	31.8	176.8
Intangible assets - Carrapateena	9	252.2	252.2
Lease receivable	8	34.8	42.2
Property, plant and equipment	7	1,261.8	1,331.8
Total non-current assets		1,767.2	1,908.7
Total assets		2,566.4	2,408.7
Current liabilities			
Trade payables and accruals		63.4	73.5
Other payables		1.7	3.2
Employee benefits		9.2	10.9
Provisions	10	8.6	4.2
Total current liabilities		82.9	91.8
Non-current liabilities			
Deferred tax liabilities	4	102.6	43.1
Employee benefits		3.6	3.3
Provisions	10	33.4	21.4
Total non-current liabilities		139.6	67.8
Total liabilities		222.5	159.6
Net assets		2,343.9	2,249.1
Equity			
Issued capital	12	2,058.9	2,058.9
Retained earnings		285.6	190.2
Treasury shares		(0.6)	–
Total equity attributable to equity holders of OZ Minerals Limited		2,343.9	2,249.1

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 2015	Notes	2015 $m	2014 $m
Cash flows from operating activities			
Receipts from customers		929.6	827.5
Payments to suppliers and employees		(463.0)	(553.5)
Payments for exploration and evaluation		(39.5)	(55.1)
Income tax refund		–	0.8
Financing costs and interest paid		(2.8)	(2.5)
Interest received		5.5	4.3
Net cash inflows from operating activities	6	429.8	221.5
Cash flows from investing activities			
Payment for property, plant and equipment		(251.4)	(325.9)
Net proceeds from sale of pre-commissioning Malu UG ore concentrates	7	46.4	7.9
Proceeds from disposal of investments	14	126.5	4.5
Dividends received		1.0	3.0
Net cash outflows from investing activities		(77.5)	(310.5)
Cash flows from financing activities			
Dividends paid to shareholders	3	(18.2)	(60.6)
Payments for acquisition of treasury shares		(3.1)	(0.3)
Proceeds from concentrate blending arrangement		–	26.1
Payments for concentrate blending arrangement		–	(26.1)
Net cash outflows from financing activities		(21.3)	(60.9)
Net increase/(decrease) in cash held		331.0	(149.9)
Cash and cash equivalents at beginning of the year		218.5	364.0
Effects of exchange rate changes on foreign currency denominated cash balances		3.0	4.4
Cash and cash equivalents at the end of the year		552.5	218.5

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

Notes to the Consolidated Financial Statements

What's new in this report?

Over the past year we have reviewed the content and structure of the Consolidated Financial Statements looking for opportunities to make them less complex and more relevant to users. This included:

- a thorough review of content to eliminate immaterial disclosures that may undermine the usefulness of the Consolidated Financial Statements by obscuring important information;
- reorganisation of the notes to the financial statements into five distinct sections to assist users in understanding the Consolidated Entity's performance; and
- using diagrams and graphs to improve the communication of certain important financial information.

The purpose of these changes is to provide users with a clear understanding of what drives financial performance and financial position of the Consolidated Entity and linkage to our strategy, while still complying with the provisions of the *Corporations Act 2001*.

An introduction at the start of each section to explain its purpose and content has been added where relevant. Accounting policies and critical accounting judgements applied to the preparation of the financial statements have been grouped with the related accounting balance or financial statement matter. Accounting policies have been documented in simple terms to assist the users of the Consolidated Financial Statements to better understand OZ Minerals' financial position and performance.

Estimates and judgements used in developing and applying the Consolidated Entity's accounting policies are continually evaluated and are based on experience and other factors and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects future periods. The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed in the respective sections of the Consolidated Financial Statements.

To assist in identifying critical accounting judgements, we have highlighted them with the following formatting:

Significant accounting judgements

Introduction

The principal business activities of OZ Minerals Limited (OZ Minerals or the Parent) and its controlled entities (collectively the 'Consolidated Entity') were the mining of 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 2, 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 2015:

- 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
- has amounts rounded off to within the nearest million dollars unless otherwise stated in accordance with Class Order 98/100 dated 10 July 1998, 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 2015, discussed in Note 3, the following 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:

- Since the end of the financial year, the Company has received particulars of the loss alleged to have been suffered by the Applicant and Group Members in the class action proceedings. Having considered this information and all the circumstances, the Company believes that it is not in a position to calculate with sufficient reliability an estimate of the possible obligation in respect of the class action even if it were found to exist. OZ Minerals is vigorously defending these proceedings.

- Since the end of the financial year, the Company has been advised by the Australian Federal Police (AFP) that the scope of the AFP's investigation is being extended to OZ Minerals' former Cambodian operations generally in relation to foreign bribery allegations. OZ Minerals is continuing to cooperate with the AFP in its investigation.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

Notes to the Consolidated Financial Statements
Group Performance

This section analyses the financial performance of the Consolidated Entity for the year ended 31 December 2015. The focus is on segment performance, revenue streams, earnings per share, dividends and taxation.

1 Operating Segments

Segment	Principal activities
Prominent Hill	Mining 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 products containing copper, gold and silver to customers in Asia, Europe and Australia.
Carrapateena	Exploration and evaluation associated with the Carrapateena project located in South Australia.
Exploration & Development	Exploration and evaluation activities associated with other projects and include interests in Jamaica, Chile, and joint ventures with Minotaur and Toro Energy, 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.

The Group's expanded operating segments in 2015 are representative of management's focus on developing a value accretive portfolio of multiple assets. Operating segments are components of the Consolidated Entity about which separate financial information is available that is evaluated regularly by the Consolidated Entity's key management personnel in deciding how to allocate resources and in assessing performance. Operating segments have been identified based on information provided to the chief operating decision maker, being the executive management team.

With a change in the Executive Committee and restructure of the business in 2015, re-evaluation of segment disclosure was undertaken to align with the revised reporting included in internal management reports. As a result, revised operating segments have been disclosed. In accordance with accounting standards comparative information has been re-stated in a consistent format.

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 2015	Prominent Hill $m	Carrapateena $m	Exploration & Development $m	Corporate $m	Consolidated $m
Revenue – Copper	794.5	–	–	–	794.5
Revenue – Gold and Silver	182.0	–	–	–	182.0
Treatment and refining charges	(97.1)	–	–	–	(97.1)
Net Revenue	**879.4**	–	–	–	**879.4**
Mining	(351.7)	–	–	–	(351.7)
Processing	(87.0)	–	–	–	(87.0)
Transport	(54.1)	–	–	–	(54.1)
General and administration	(23.3)	–	–	(43.0)	(66.3)
Royalties	(47.9)	–	–	–	(47.9)
Deferred waste adjustment	148.1	–	–	–	148.1
Inventory adjustment	79.8	–	–	–	79.8
Inter-segment (expense)/income	(14.2)	–	(1.3)	15.5	–
Cost of goods sold	(350.3)	–	(1.3)	(27.5)	(379.1)
Exploration and other expenses	(1.5)	(29.9)	(9.6)	–	(41.0)
Restructuring costs	(3.0)	–	–	(4.6)	(7.6)
FX gain	12.5	–	–	20.7	33.2
Underlying EBITDA	**537.1**	**(29.9)**	**(10.9)**	**(11.4)**	**484.9**
Depreciation	(281.5)	(0.8)	–	(2.8)	(285.1)
Underlying EBIT	**255.6**	**(30.7)**	**(10.9)**	**(14.2)**	**199.8**
Net finance income					2.9
Income tax expense					(63.1)
Underlying Net Profit after tax					**139.6**
Class action defence costs, net of tax					(9.4)
Net Profit for the year attributable to equity holders of OZ Minerals Ltd					**130.2**

31 December 2014	Prominent Hill $m	Carrapateena $m	Exploration & Development $m	Corporate $m	Consolidated $m
Revenue – Copper	660.6	–	–	–	660.6
Revenue – Gold and Silver	217.4	–	–	–	217.4
Treatment and refining charges	(47.0)	–	–	–	(47.0)
Net Revenue	**831.0**	–	–	–	**831.0**
Mining	(494.3)	–	–	–	(494.3)
Processing	(91.3)	–	–	–	(91.3)
Transport	(45.6)	–	–	–	(45.6)
General and administration	(29.0)	–	–	(47.2)	(76.2)
Royalties	(23.5)	–	–	–	(23.5)
Deferred waste adjustment	196.0	–	–	–	196.0
Inventory adjustment	78.7	–	–	–	78.7
Inter-segment (expense)/income	(12.8)	–	(1.3)	14.1	–
Cost of goods sold	**(421.8)**	–	**(1.3)**	**(33.1)**	**(456.2)**
Exploration and other income/(expenses)	3.1	(43.5)	(11.6)	(1.0)	(53.0)
FX gain	9.1	–	–	10.2	19.3
Underlying EBITDA	**421.4**	**(43.5)**	**(12.9)**	**(23.9)**	**341.1**
Depreciation	(292.7)	(0.8)	(0.1)	(2.5)	(296.1)
Underlying EBIT	**128.7**	**(44.3)**	**(13.0)**	**(26.4)**	**45.0**
Net finance income					3.6
Income tax expense					(18.3)
Underlying Net Profit after tax					**30.3**
Exchange gain on de-recognition of foreign currency translation reserve, net of tax					2.6
Gain on revaluation of investment to fair value upon discontinuation of equity method, net of tax					8.7
Net Profit after tax from continuing operations					**41.6**
Profit from discontinued operation					6.9
Net Profit for the year attributable to equity holders of OZ Minerals Ltd					**48.5**

Expenses

Employee benefit expenses include contributions to defined contribution plans of $5.0 million (2014: $5.0 million).

The royalty rate of 1.5 percent of revenue for the initial five years of a new mine in South Australia increased to five percent from August 2014. This resulted in the increase in royalty expense from $23.5 million in 2014 to $47.9 million in 2015 not commensurate with the increase in revenue.

Recognition and measurement of revenue

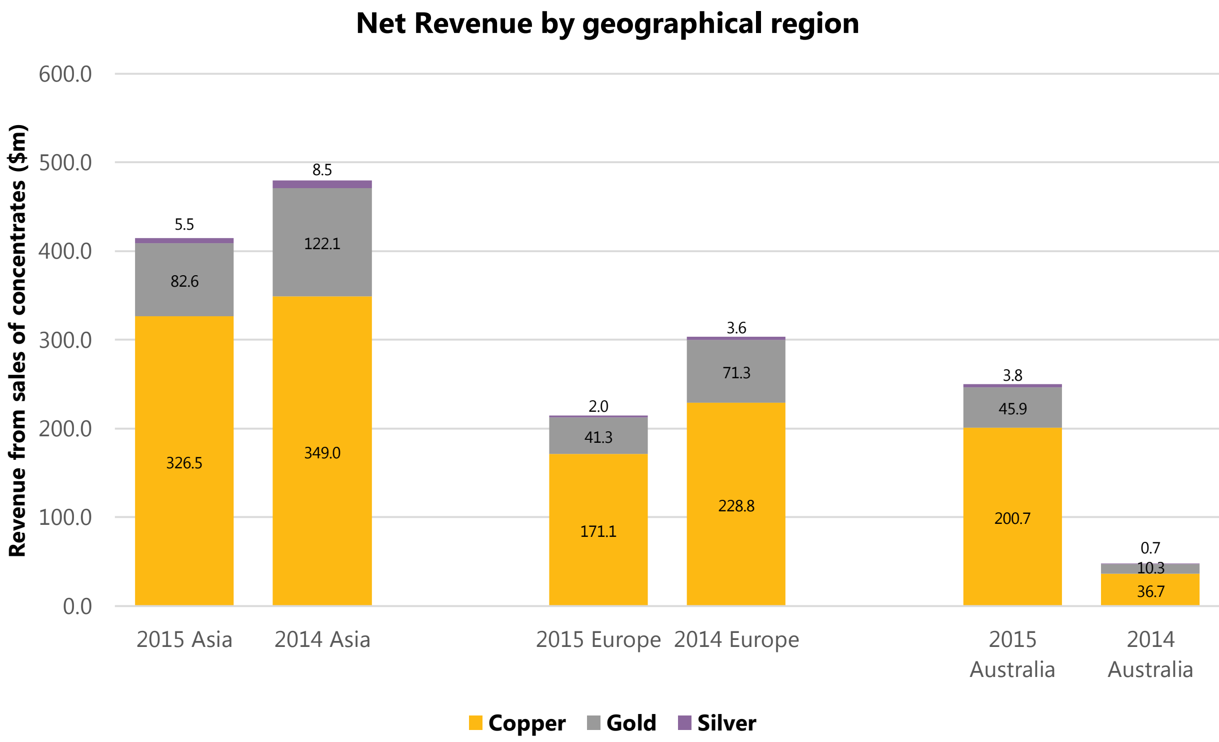
Revenue from sale of concentrates is recognised upon transfer of risks and rewards to the customer, when, the price is fixed or determinable, no further processing is required, the quantity and quality of the goods has been determined with reasonable accuracy, and collectability is probable. This is 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, and pricing adjustments.

Revenue information presented below is based on the location of the customer's operations. Major customers who individually accounted for more than ten percent of total revenue contributed approximately 56 percent of total revenue (2014: 67 percent).



2 Earnings per share

Basic and diluted earnings per share – cents	2015	2014
Continuing operations	42.9	13.7
Discontinued operation	–	2.3
Overall earnings per share	42.9	16.0
Reconciliation of earnings used in calculating basic and diluted earnings per share – $ millions		
For basic and diluted earnings per share from continuing operations		
Profit after tax from continuing operations	130.2	41.6
For basic and diluted earnings per share from discontinued operation		
Profit after tax from discontinued operation	–	6.9
Weighted average number of ordinary shares – number		
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	303,433,159	303,451,160

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent, 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.

The performance rights as set out in Note 13 that existed at 31 December 2015 and 31 December 2014 were not included in the calculation of diluted earnings per share because they were not assessed as having a dilutive impact.

3 Dividends

Since the end of the financial year, the Board of Directors has resolved to pay an unfranked dividend of 14.0 cents per share, to be paid on 10 March 2016. The record date for entitlement to this dividend is 24 February 2016. The financial impact of the dividend amounting to $42.5 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2015, and will be recognised in subsequent Consolidated Financial Statements.

Record date	Date of payment	Cents per share	Total dividends $m
24 February 2016	10 March 2016	14	42.5
10 September 2015	24 September 2015	6	18.2
11 September 2014	25 September 2014	10	30.3
26 February 2014	13 March 2014	10	30.3

For Australian income tax purposes, all dividends were unfranked and were declared to be conduit foreign income.

4 Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax expense attributable to amounts recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or directly in equity, respectively.

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.

	2015 $m	2014 $m
Income tax expense in the Income Statement		
Current income tax benefit	–	0.8
Deferred income tax expense	(59.5)	(12.2)
Income tax expense	(59.5)	(11.4)
Reconciliation of income tax expense to pre-tax profit		
Profit from continuing operations before income tax	189.7	59.9
Income tax expense at the Australian tax rate of 30 percent	(56.9)	(18.0)
Adjustments		
Non-deductible expenditure	(2.1)	(2.2)
Non-assessable income	–	4.0
Revision for prior periods	(0.5)	4.8
Income tax expense	(59.5)	(11.4)
Income tax is attributable to:		
Continuing operations	(59.5)	(18.3)
Discontinued operation	–	6.9
Income tax expense	(59.5)	(11.4)

Deferred tax assets and liabilities

	Opening balance $m	Recognised in Income Statement $m	Closing balance $m
2015			
Unrestricted tax losses and offsets	74.7	(66.4)	8.3
Restricted tax losses	54.4	(5.4)	49.0
Property plant and equipment	(179.5)	8.9	(170.6)
Inventories	(5.3)	0.5	(4.8)
Provisions and accruals	10.1	0.4	10.5
Other	2.5	2.5	5.0
Net deferred tax liabilities	(43.1)	(59.5)	(102.6)
2014			
Unrestricted tax losses and offsets	109.7	(35.0)	74.7
Restricted tax losses	53.4	1.0	54.4
Property plant and equipment	(211.4)	31.9	(179.5)
Inventories	7.2	(12.5)	(5.3)
Provisions and accruals	7.4	2.7	10.1
Other	2.8	(0.3)	2.5
Net deferred tax liabilities	(30.9)	(12.2)	(43.1)

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. Recognised unrestricted tax losses and tax offsets have no restrictions, and under current legislation, do not have an expiry date.

Unrecognised tax losses

Restricted tax losses of $191.4 million tax effected (2014: $191.4 million tax effected) remain unrecognised in the Balance Sheet at 31 December 2015. Capital tax losses of $592.5 million tax effected (2014: $589.5 million tax effected) remain unrecognised in the Balance Sheet at 31 December 2015.

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.

Tax consolidation

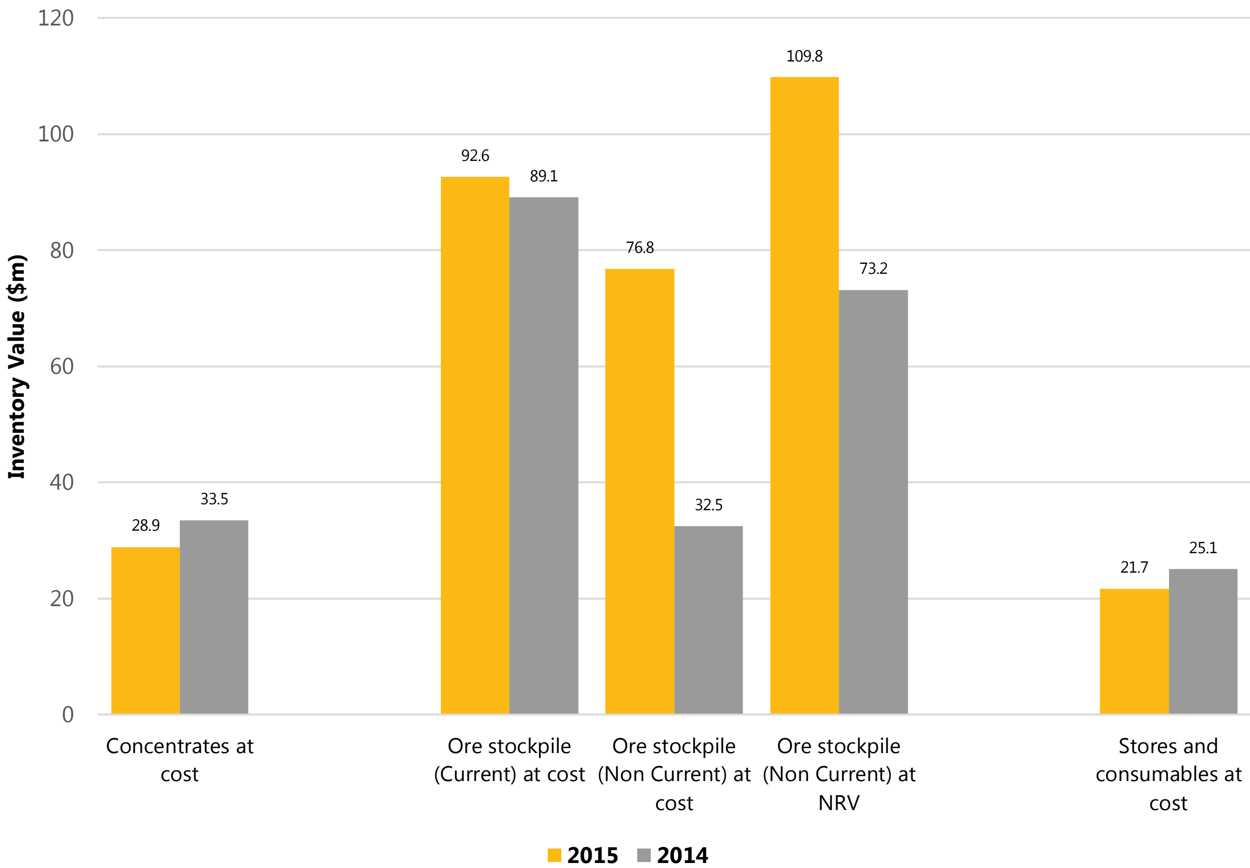
OZ Minerals Limited and its wholly-owned Australian controlled entities are part of a tax consolidated group. OZ Minerals Limited is the head of the tax consolidated group.

5 Inventories

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.



	2015 $m	2014 $m
Concentrates – at cost	28.9	33.5
Ore Stockpile – at cost	92.6	89.1
Stores and consumables – at cost	21.7	25.1
Inventories – current	143.2	147.7
Ore Stockpile – non-current at cost	76.8	32.5
Ore Stockpile – non-current at net realisable value	109.8	73.2
Inventories – non-current	186.6	105.7
Total Inventories	**329.8**	**253.4**

A net realisable value inventory adjustment to reduce the value of inventory of $4.4 million in respect of low grade gold ore stockpiles was recognised in 2015 (2014: $57.1 million).

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:

	2015 $m	2014 $m
Profit after tax for the year	130.2	48.5
Adjustments for:		
Depreciation	285.1	296.1
Lease amortisation	7.4	8.0
Gain on revaluation of investment to fair value upon discontinuation of equity method	–	(8.7)
Dividends classified as investing activities	(1.0)	(3.0)
Other items	3.9	(0.7)
Change in assets and liabilities:		
Trade and other receivables	29.2	(0.2)
Prepayments	1.1	(2.0)
Inventories	(76.4)	(80.6)
Trade and other payables	(11.6)	(57.0)
Provision for employee benefits	(1.4)	1.6
Provision for demobilisation and other provisions	3.8	7.3
Net current and deferred tax liability	59.5	12.2
Net cash inflow from operating activities	**429.8**	**221.5**

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, demand deposits and cash equivalents.

7 Property, Plant and Equipment

2015	Plant and equipment $m	Mine property and development $m	Freehold land and buildings $m	Capital work in progress $m	Total $m
At cost	1,130.2	1,539.1	187.5	22.2	2,879.0
Accumulated depreciation and impairment losses	(740.6)	(764.6)	(112.0)	–	(1,617.2)
Closing carrying amount	389.6	774.5	75.5	22.2	1,261.8
Reconciliation of carrying amounts					
Opening carrying amount	440.5	685.8	87.5	118.0	1,331.8
Additions and transfers including deferred mining	17.5	335.8	1.2	(103.7)	250.8
Disposals – at cost	(9.8)	–	–	–	(9.8)
Accumulated depreciation on disposals	9.8	–	–	–	9.8
Malu underground pre commissioning revenue adjustment	–	(54.3)	–	7.9	(46.4)
Increase in mine rehabilitation asset – Note 10	–	10.7	–	–	10.7
Depreciation expense	(68.4)	(203.5)	(13.2)	–	(285.1)
Closing carrying amount	389.6	774.5	75.5	22.2	1,261.8

2014	Plant and equipment $m	Mine property and development $m	Freehold land and buildings $m	Capital work in progress $m	Total $m
At cost	1,122.5	1,246.9	186.3	118.0	2,673.7
Accumulated depreciation and impairment losses	(682.0)	(561.1)	(98.8)	–	(1,341.9)
Closing carrying amount	440.5	685.8	87.5	118.0	1,331.8
Reconciliation of carrying amounts					
Opening carrying amount	497.4	644.0	102.9	60.5	1,304.8
Additions and transfers including deferred mining	20.1	240.2	0.2	65.4	325.9
Malu underground pre commissioning revenue adjustment	–	–	–	(7.9)	(7.9)
Increase in mine rehabilitation asset – Note 10	–	5.1	–	–	5.1
Depreciation expense	(77.0)	(203.5)	(15.6)	–	(296.1)
Closing carrying amount	440.5	685.8	87.5	118.0	1,331.8

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 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.

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 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.

Recoverability of assets

The Consolidated Entity undertook a review of the carrying value of the Prominent Hill CGU and determined that no adjustment to the carrying value was necessary. The recoverable amount was estimated on the basis of Fair Value Less Cost to Dispose and based upon an internal discounted cash flow for presently approved mine plans and an estimate of the value of resources known to exist but not yet included in mine plans. The latter was estimated from independent publically available information for recent transactions involving comparable resources. No value was ascribed to exploration potential associated with the CGU despite the prospectivity of the region.

Significant estimates and judgements are made in estimating the recoverable amount including future cash flows, commodity prices, foreign exchange rates, costs and mine plans. Key areas of judgement and assumptions include the following:

- Future cash flows are based on latest Board approved internal budgets and forecasts which reflect expectations of the volume and grade of ore to be mined and processed, mine plans, sales, short and long term commodity prices and exchange rates, operating and capital costs and operational assumptions . These estimates are based on past experience, current market conditions and expectation of future changes to the market in which the CGU operates. Commodity price and exchange rate assumptions were based on consensus of independent industry analysts and commentators.
- Mineral resources not modelled in Board approved budgets are included in the assessment of fair value less cost to dispose based on the application of an appropriate resource valuation multiple to the contained copper equivalent within these resources.
- Discount rate applied to the cash flows which would be applied by a market participant in considering the value of the CGU and is reflective of current market conditions. A real post-tax discount rate of 9.5 percent (2014: 9.2 percent) was used in 2015.

The valuation is sensitive to such assumptions which are subject to change as a result of changing economic and operational conditions. As a result any change in key assumptions will alter the estimate of recoverable amount and consequently it could in the absence of other factors require a change to the carrying value of assets associated with the Prominent Hill CGU in the future.

Commissioning of Assets

Judgement is required as to when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use.

During 2015 having regard to a reasonable period of testing, the ability to produce metal in saleable form (within specifications), and the ability to sustain ongoing production of metal, the Consolidated Entity determined that assets related to the Malu underground mine were ready for use. As a result, from 1 July 2015 expenditure to date was transferred from capital work in progress to mine property and development and depreciation commenced.

Prior to commissioning all costs were capitalised and net revenue generated from sale of concentrate produced was deducted from the amount capitalised.

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 total mine reserves
Mine property and development	Units of ore extracted over applicable reserves to which the asset relates

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.

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, 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.

Open pit stripping (waste removal) costs – Deferred Mining

Stripping (waste removal) activity is removal of waste material to access ore reserves. Stripping costs incurred in the development phase (those to initially access the ore body) are capitalised as part of the cost of constructing the mine and depreciated as outlined above. Stripping costs incurred during the production phase (production stripping costs) generate two benefits:

- Production of inventory ('ore') - accounted for as a part of producing those ore inventories; or
- Improved access to a component of the ore body to be mined in future – recognised as 'deferred mining asset' and classified as part of Mine Property and Development, if the following criteria are met:
  - Future economic benefits are probable;
  - The component of the ore body for which access will be improved can be accurately identified; and
  - The costs associated with improved access can be reliably measured.

A component is a specific part of the ore body that is made more accessible as a result of the stripping activity and is determined based on mine plans. Any changes are applied prospectively.

Production stripping costs are allocated between ore produced and the deferred mining asset on the basis of the relative volume of waste mined in a period which exceeds the remaining waste-to-ore stripping ratio at the beginning of the period applicable to the component. Deferred mining costs are subsequently depreciated using the units of production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Deferred mining costs are carried at cost less depreciation and any impairment losses.

Stripping (waste removal) costs – Deferred Mining

Judgement is required in determining the estimated future ore and waste to be mined from a component of the open pit. The estimate of ore and waste remaining to be mined influences the amount of mining costs which are capitalised as mine property and development or included in the cost of inventory. The estimates that determine the amounts capitalised or expensed are based on board approved mine plans. A change in ore or waste expected to be mined will influence both the future rate at which mining costs may be capitalised as a deferred mining asset , as well as altering the useful life for depreciation purposes of any existing deferred mining asset.

8 Lease receivable

	2015 $m	2014 $m
Finance lease receivable	34.8	42.2

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 will be recovered by OZ Minerals from resale of the equipment to Thiess.

The finance lease receivable of $34.8 million as at 31 December 2015 comprises $42.2 million from the comparative year, less $7.4 million (2014: $8.0 million) amortisation of the finance lease receivable during the year.

9 Intangible assets

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.

	2015 $m	2014 $m
Exploration assets	252.2	252.2

Exploration assets represent acquisition costs of the Carrapateena copper-gold project in South Australia. The terms of this asset acquisition provide for two further payments by OZ Minerals to vendors upon commercial production being reached:

- US$50.0 million is payable on first commercial production of copper, uranium, gold or silver.
- US$25.0 million is payable on first commercial production of rare earths, iron or any other commodity.

The further payments amounting to US$75.0 million do not constitute a liability in accordance with accounting standards as OZ Minerals can control whether the amounts will ever be paid and therefore no liability is recognised for the year ended 31 December 2015.

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 (as part of property, plant and equipment) 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 cash-generating units to which the exploration activity relates. A cash generating unit ('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 the agreements OZ Minerals does not assume any liabilities or hold any rights to other assets that the holder of the tenement may possess.

10 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.

	2015 $m	2014 $m
Current		
Equipment demobilisation	6.8	4.2
Other provisions	1.8	–
Total current provisions	8.6	4.2
Non–current		
Equipment demobilisation	2.5	3.1
Mine rehabilitation	30.9	18.3
Total non-current provisions	33.4	21.4
Aggregate		
Other provisions	1.8	–
Equipment demobilisation	9.3	7.3
Mine rehabilitation	30.9	18.3
Total provisions	42.0	25.6

Reconciliation of provisions	Mine rehabilitation provision	Equipment demobilisation provision
Opening carrying amount	18.3	7.3
Unwind of discount	1.9	–
Provisions recognised	10.7	2.0
Closing carrying amount	30.9	9.3

The addition of $10.7 million to the mine rehabilitation provision was due to revisions in mine rehabilitation cost estimates and changes in the estimated timing of rehabilitation activities at Prominent Hill and initial recognition of a provision for Carrapateena. The rehabilitation will be carried out at the end of mining operations.

11 Capital expenditure commitments

In accordance with OZ Minerals' accounting policy, commitments for capital expenditure represent the minimum expected payments where the contracts are not cancellable. Otherwise the commitment represents the cancellation fee.

OZ Minerals has entered into contracts for ongoing capital projects. While these contracts are cancellable, termination payments are not reliably measurable as they are dependent on various factors including application of termination clauses which can only be estimated in the event of termination.

The minimum expected payments in relation to contracts for development of capital projects and equipment which were not required to be recognised as liabilities at 31 December 2015 amount to nil (2014: nil).

This section analyses the various forms of equity within the Consolidated Entity, how capital is managed by the Consolidated Entity and share based payments, which are paid from the equity of the Parent.

The capital management strategy of the Consolidated Entity is to maintain sufficient liquidity in order to support its business and to achieve superior returns for its shareholders. The Consolidated Entity manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Consolidated Entity may adjust the dividend payment to shareholders and undertake other suitable capital management initiatives.

The Consolidated Entity's policy is to maintain a gearing ratio of up to a maximum of 20 percent. The gearing ratio as at 31 December 2015 is nil (2014: nil).

12 Issued capital

	2015 $m	2014 $m
303,470,022 shares (2014: 303,470,022 shares)	2,058.9	2,058.9

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.

13 Share-based payments

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expenses was $4.4 million (2014: $3.6 million). 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	2015: 22 July 2015 to 1 July 2016 2014: 2 May 2014 to 1 July 2015 2013: 1 May 2013 to 1 May 2014	2015: 1 July 2015 to 30 June 2018 2014: 1 July 2014 to 30 June 2017 2013: 20 December 2013 to 19 December 2016 2012: 21 December 2012 to 20 December 2015 2011: 22 December 2011 to 21 December 2014	
Service period	2015: 22 July 2015 to 1 July 2016 2014: 2 May 2014 to 1 July 2015 2013: 1 May 2013 to 1 May 2014	2015: 1 July 2015 to 30 June 2018 2014: 28 July 2014 to 15 July 2017 2013: 20 December 2013 to 19 December 2016 2012: 21 December 2012 to 20 December 2015 2011: 22 December 2011 to 21 December 2014	
		TSR performance measured against Comparator Group	**Percentage of vesting**
Vesting conditions	Percentage vesting based on individual performance against Key Performance Indicators	75th percentile or greater	100
		Between the 50th and 75th percentile	Between 50 percent and 100 percent vest progressively by using a straight-line interpolation
		50th percentile	50
		Less than 50th percentile	Nil
Exercise price	Not applicable – provided at no cost	Not applicable – provided at no cost	

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 the meeting of both the service condition and the performance condition. The shares when issued on vesting of performance rights rank equally in all respects with previously issued fully paid ordinary shares.

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 percent	Expected dividends percent	Risk-free interest rate percent
Performance rights granted under the LTIP					
21 July 2015	2.8	3.9	45.0	2.6	2.0
28 July 2014	3.1	4.8	45.0	4.1	2.7
20 December 2013	2.0	3.1	45.0	3.5	2.9
21 December 2012	4.1	6.8	37.0	5.7	2.7
22 December 2011	6.6	10.4	39.4	4.8	3.1
Performance rights granted under the PRP					
21 July 2015	3.8	3.9	45.0	2.6	2.1
2 May 2014	3.3	3.5	44.0	4.9	2.7
1 May 2013	3.9	4.1	40.0	4.4	2.8

Performance rights

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

	2015 Number	2014 Number
Opening balance	2,157,530	1,987,322
Rights granted	1,949,343	1,439,670
Rights vested and exercised	(623,720)	(204,816)
Rights forfeited	(821,379)	(1,064,646)
Closing balance	2,661,774	2,157,530

Recognition and measurement of share-based payments

The fair values 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 values of the share-based payment transactions granted are adjusted to reflect market vesting conditions. 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, if any, is recognised in the Income Statement with a corresponding adjustment to equity.

This section 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
- Interest rates
- Equity security prices
- Credit Risk
- Liquidity Risk

14 Financial assets and liabilities

14.1 Non-derivative financial instruments

Recognition and measurement

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

(i) 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 are carried at fair value. 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. Losses expected as a result of future events, no matter how likely, are not recognised.

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, it will be to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Income Statement.

(ii) 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.

14.2 Derivative financial instruments

Derivatives 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.

Where an embedded derivative is identified and the derivative's risks and characteristics are not considered to be closely related to the underlying host contract, the fair value of the derivative is recognised on the Balance Sheet and changes in the fair value of the embedded derivative are recognised in the Income Statement.

14.3 Equity securities

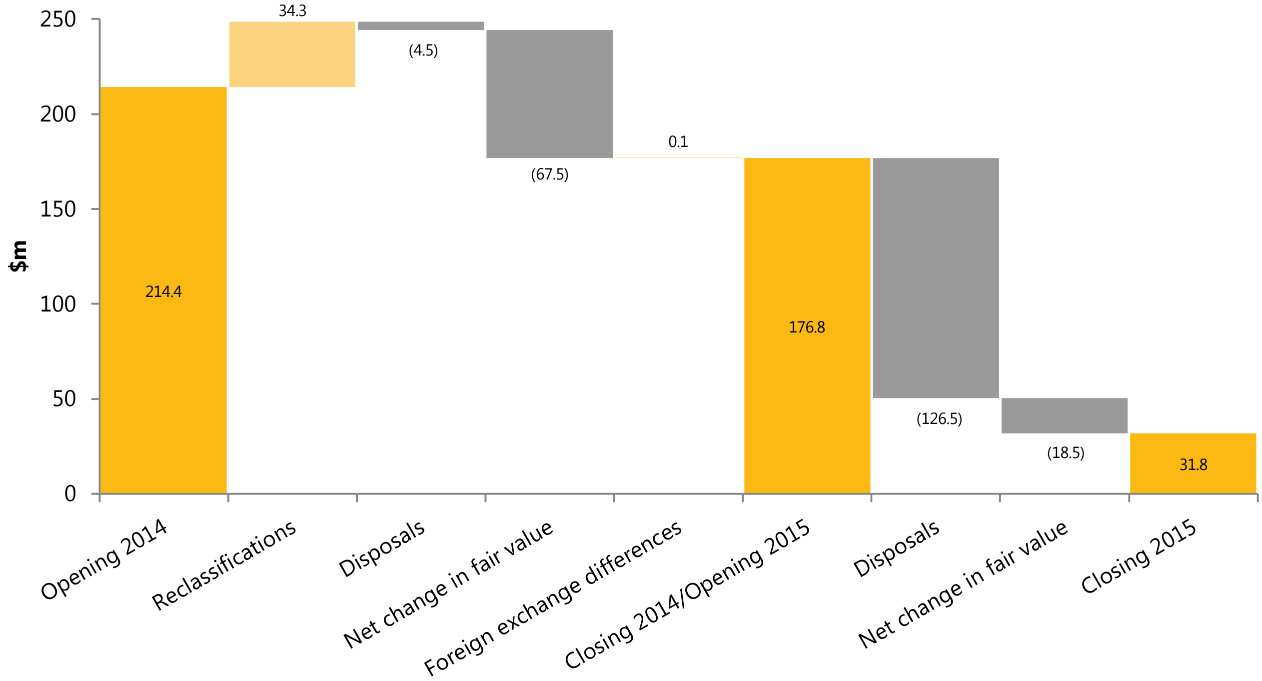
Accounting for investments in equity securities

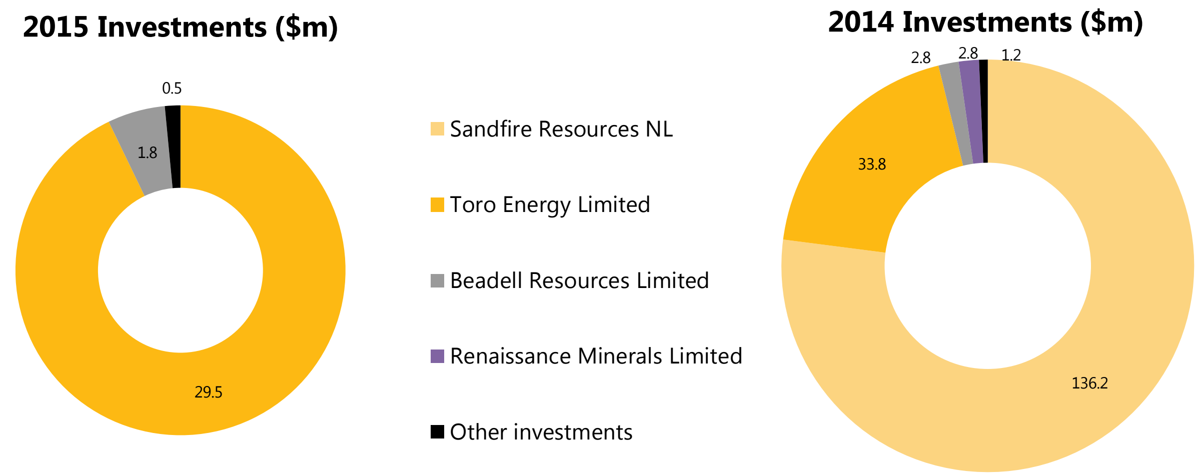
Judgement is required in assessing whether power over the investee exists where the Consolidated Entity holds less than a majority of the voting rights. Factors considered include rights arising from other contractual arrangements, any contractual arrangements with other vote holders as well as the Consolidated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

Despite holding 21.1 percent 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.

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 profit and loss at a later date.

Carrying value of investments in equity securities





15 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.

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 in sales contracts)	Carried at amortised cost
Investments in equity securities	Trade receivables	Cash and cash equivalents
		Other receivables
		Lease receivables
		Trade payables
		Other payables

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

15.1 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 average copper prices which are materially consistent with the prevailing average market prices for the same period.

The Consolidated Entity manages uneven exposure to price by managing shipment schedules or undertaking London Metals Exchange ('LME') futures transactions. The financial impact of LME futures transactions are recognised in the Income Statement in other income or other expenses.

At reporting date, if commodity prices changed by the historical average five-year annual commodity price movement of 15 percent for copper as per the LME and 11 percent for gold and 16 percent for silver as per the London Bullion Market Association (all other variables held constant), the Consolidated Entity's after tax profit would have changed by $9.0 million (2014: $13.3 million).

The application of a five year change in commodity price reflects the variability management applies in forecast sensitivity analysis. In accordance with Australian Accounting Standards, the sensitivity analysis is only on outstanding trade receivables that are subject to commodity price risk at the end of the year, which were $91.4 million (2014: $120.1 million) and does not include the impact of the movement in commodity prices on the total sales for the year.

15.2 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 sales prices, costs of production, and competitive forces and regulations which impact sales prices. 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 monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

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. During 2015, the Consolidated Entity had a policy of holding cash balances in a range of 60:40 percent to 40:60 percent of US dollars to Australian dollars. In early 2016, the company determined to maintain its cash holdings in A$ with US$ maintained only to meet US$ commitments.

	Denominated in US$ presented in A$m	Other currencies presented in A$m	Total A$m
2015			
Cash and cash equivalents	268.0	–	268.0
Trade receivables	91.4	–	91.4
Trade payables	(0.6)	(2.2)	(2.8)
Total	358.8	(2.2)	356.6
2014			
Cash and cash equivalents	120.9	–	120.9
Trade receivables	120.1	–	120.1
Trade payables	(2.1)	–	(2.1)
Total	238.9	–	238.9

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

	Average rate		31 December spot rate	
	2015	2014	2015	2014
A$:US$	0.7527	0.9020	0.7287	0.8183

At reporting date, if the foreign currency exchange rates strengthened/(weakened) against the functional currency by 5 percent (2014: 5 percent), and all other variables were held constant, the Consolidated Entity's after tax profit would have changed by $13.3 million (2014: $8.4 million).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the reporting date and adjusts their translation for a 5 percent change in the foreign currency rate (2014: 5 percent).

15.3 Equity securities price risk management and sensitivity analysis

The Consolidated Entity is exposed to equity securities price risk which arises from investments held and classified on the Balance Sheet as investments in equity securities. At reporting date if the share price of entities in which the Consolidated Entity has equity investments increased or decreased by one percent the Consolidated Entity's equity would change by $0.3 million (2014: $1.8 million).

15.4 Interest rate risk management and sensitivity analysis

The Consolidated Entity does not have any borrowings at 31 December 2015 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.

15.5 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 receivable and settlement risk on foreign exchange transactions.

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 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 A1 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 a regular risk assessment process 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 percent of the estimated value of each sale either promptly after vessel loading or upon 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:

	2015 $m	2014 $m
Europe	34.9	105.6
Asia	27.5	11.4
Australia	29.0	3.1
Total	91.4	120.1

Major customers who individually accounted for more than 10 percent of total revenue contributed approximately 56 percent of total revenue (2014: 67 percent). These customers also represent 28.1 percent of the trade receivables balance as at 31 December 2015 (2014: 99.3 percent). There have been no instances of customer default during 2015 and there are no significant receivables which are past due at the reporting date.

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

	Expires on	Security	2015 US$m	2014 US$m
Revolving facility	November 2016	Unsecured	200.0	200.0

16 Contingencies

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.

Recognition and Measurement

Provisions for legal claims and other liabilities are recognised when:

- There is a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

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 $34.8 million as at 31 December 2015 (31 December 2014: $34.8 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.

Class action

OZ Minerals is the Respondent in a Federal Court proceeding alleging that certain former Zinifex shareholders, who received shares in OZ Minerals on 1 July 2008 as a result of the merger between Oxiana and Zinifex, suffered loss or damage because OZ Minerals engaged in misleading or deceptive conduct on a number of occasions before the merger and/or breached its continuous disclosure obligations.

The class action was filed against OZ Minerals on 25 February 2014. A Further Amended Statement of Claim was filed on 4 July 2014, a Second Further Amended Statement of Claim was filed on 24 March 2015 and a Third Further Amended Statement of Claim was filed on 7 December 2015.

OZ Minerals filed its defence to the class action on 1 September 2014. A Further Amended Defence was filed on 25 March 2015, and a Second Further Amended Defence was filed on 18 December 2015.

OZ Minerals denies that it engaged in misleading or deceptive conduct or breached its continuous disclosure obligations and is vigorously defending the proceedings. Even if liability is found to exist, it is possible, that OZ Minerals may be able to transfer some of its liability to third parties via claims for contribution and apportionment defences.

Cross claims have been filed against third parties, including certain current and former directors and officers of Oxiana and Zinifex and advisers to these entities. Claims for payment of legal fees have been received from certain current and former directors and officers of the Consolidated Entity and an adviser who are cross respondents in the current proceedings. The Consolidated Entity is providing moneys in relation to these claims under Deeds of Indemnity and other indemnities. Depending on the outcome of the proceedings, the Consolidated Entity may be able to recover some of these monies. However, the outcome of the proceedings is uncertain.

The Company has received particulars of the loss alleged to have been suffered by the applicant, Mr Mitic, in the class action proceedings. This information only relates to the applicant, and does not include the loss alleged to have been suffered by all Group Members in these proceedings. The information received in relation to the applicant is not sufficient to enable a reliable estimate of the loss alleged to have been suffered by the applicant and all Group Members in the proceedings to be made, or to make an assessment of the financial effect on the Consolidated Entity. OZ Minerals is vigorously defending these proceedings.

Mediation in the class action is expected to occur in early March 2016 and the trial is scheduled to commence on 1 June 2016. Estimates obtained by OZ Minerals indicate that its legal fees, counsel fees and expert fees, and the fees of the parties for whom it is providing funds pursuant to indemnities, as noted above, for the period from 1 January 2016 up to and including mediation, will be approximately $5.8 million, including GST.

Since the end of the financial year, the Company has received particulars of the loss alleged to have been suffered by the Applicant and Group Members in the class action proceedings. Having considered this information and all the circumstances, the Company believes that it is not in a position to calculate with sufficient reliability an estimate of the possible obligation in respect of the class action even if it were found to exist. OZ Minerals is vigorously defending these proceedings.

There are a number of variables associated with class action litigation and significant uncertainty regarding the outcome (including uncertainty as to the Consolidated Entity's ability to recover costs). It is not possible or practicable to make an assessment on the outcome of these proceedings, or to provide a reliable estimate of its financial effect on the Consolidated Entity. 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 2015.

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 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).

Claims for payment of legal expenses have been received from certain current and former directors and officers of the Company and its related bodies corporate who are cross respondents in the class action proceedings that the Company is currently involved in. The Consolidated Entity is providing monies in relation to these claims under the relevant Deeds of Indemnity and, depending on the outcome of the proceedings, may be able to recover some of those monies. However, there is no certainty regarding the outcome of the class action proceedings.

Employees

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.

Auditor

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

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.

Tax related contingencies

The Consolidated Entity is subject to the ATO's routine program of tax reviews and audits. The Consolidated entity may also be subject to routine tax reviews and audits in overseas jurisdictions. The final outcome of any tax review or audit cannot be determined with an acceptable degree of reliability. The Consolidated Entity believes that it is making adequate provision for its taxation liabilities and is taking reasonable steps to address potentially contentious issues with the ATO and tax authorities in overseas jurisdictions. However there may be an impact on the Consolidated Entity if any revenue authority review or audit results in an adjustment that increases the Consolidated Entity's taxation liabilities.

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 the end of the financial year, the Company has been advised by the AFP that the scope of the AFP's investigation is being extended to OZ Minerals' former Cambodian operations generally. The AFP is continuing its investigation and OZ Minerals is continuing to 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 2015.

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.

17 Parent entity disclosures

As at, and throughout the financial year ended 31 December 2015, the parent entity of the Consolidated Entity was OZ Minerals Limited.

	2015 $m	2014 $m
Results of the parent entity		
Write-up of investment in subsidiary	95.7	92.8
Provision for non-recovery of loan to subsidiary	(39.4)	(118.2)
Net other expense	(29.9)	(17.1)
Net profit/(loss) for the year	26.4	(42.5)
Other comprehensive loss	(4.9)	(0.5)
Total comprehensive income/(loss)	21.5	(43.0)
Financial position of the parent entity		
Assets		
Current assets	2.4	3.1
Non-current assets	2,224.9	2,222.0
Total assets	2,227.3	2,225.1
Liabilities		
Current liabilities	10.3	12.2
Non-current liabilities	0.9	0.9
Total liabilities	11.2	13.1
Net assets	2,216.1	2,212.0
Equity		
Issued capital	2,058.9	2,058.9
Treasury shares	(0.6)	–
Retained earnings	365.4	356.1
Accumulated losses	(207.6)	(203.0)
Total equity	2,216.1	2,212.0

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 16 for contingencies and Note 18 for Deed of Cross Guarantee disclosures. The parent entity's capital expenditure commitment as at 31 December 2015 was nil (2014: nil).

Franking account details

	2015 $m	2014 $m
Franking account balance at beginning of year	0.9	0.9
Franking credits from income tax paid during the year	–	–
Franking debits from income tax refund received during the year	–	–
Franking account balance at end of year	0.9	0.9

Notes to the Consolidated Financial Statements

Group Structure & Other Information

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
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
OZ Minerals Agincourt Holdings Pty Ltd (deregistered on 16 February 2015)	Australia
OZ Minerals Agincourt Pty Ltd (deregistered on 16 February 2015)	Australia
OZ Minerals Europe Ltd (deregistered on 20 March 2015)	Channel Islands
OZ Minerals Superannuation Pty Ltd (deregistered on 16 February 2015)	Australia

18 Deed of cross guarantee

The Company and all its Australian domiciled subsidiaries listed in Note 17 to the Consolidated Financial Statements, except for OZ Minerals Equity 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	**2015 $m**	**2014 $m**
Revenue from sale of concentrates	879.4	831.0
Other income	5.4	15.3
Net foreign exchange gains	32.4	18.8
Changes in inventories of ore and concentrate	79.8	78.7
Consumables, concentrate purchases and other direct costs	(259.0)	(353.4)
Employee benefit expenses	(63.9)	(69.2)
Exploration and evaluation expenses	(32.2)	(53.2)
Freight expenses	(54.1)	(45.6)
Royalties expense	(47.9)	(23.5)
Depreciation expense	(285.1)	(296.1)
Restructuring expense – employee benefits	(7.6)	–
Write-down of assets	–	–
Provision for receivable/investment in subsidiaries which are not within the Deed	–	(2.0)
Other expenses	(63.5)	(48.2)
Profit before net financing income and income tax from continuing operations	183.7	52.6
Financing income	7.5	7.3
Financing expenses	(4.7)	(3.7)
Net financing income	2.8	3.6
Profit before income tax from continuing operations	186.5	56.2
Income tax expense from continuing operations	(59.5)	(18.3)
Profit from continuing operations	127.0	37.9
Profit from discontinuing operations after income tax	–	6.9
Profit for the year	127.0	44.8
Other comprehensive loss		
Net change in fair value of investments in equity securities, net of tax	(18.5)	(67.5)
Total comprehensive profit/(loss) for the year	108.5	(22.7)

Consolidated Balance Sheet of the entities within the Deed of Cross Guarantee	2015 $m	2014 $m
Current assets		
Cash and cash equivalents	545.2	212.5
Trade receivables	91.4	120.1
Other receivables	6.3	6.7
Inventories	143.2	147.7
Prepayments	4.9	6.0
Total current assets	791.0	493.0
Non-current assets		
Inventories	186.6	105.7
Investments in equity securities	31.8	176.8
Intangible assets - Carrapteena	252.2	252.2
Lease receivable	34.8	42.2
Property, plant and equipment	1,261.8	1,331.8
Investment in subsidiaries which are not party to the Deed	3.0	3.0
Total non-current assets	1,770.2	1,911.7
Total assets	2,561.2	2,404.7
Current liabilities		
Trade payables and accruals	62.2	72.1
Other payables	1.7	3.2
Employee benefits	9.2	10.9
Provisions	8.6	4.2
Total current liabilities	81.7	90.4
Non-current liabilities		
Deferred tax liabilities	102.6	43.1
Employee benefits	3.6	3.3
Provisions	33.4	21.4
Total non-current liabilities	139.6	67.8
Total liabilities	221.3	158.2
Net assets	2,339.9	2,246.5
Equity		
Issued capital	2,058.9	2,058.9
Retained earnings	281.6	187.6
Treasury shares	(0.6)	–
Total equity	2,339.9	2,246.5

19 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:

	2015 $	2014 $
Short-term employee benefits	3,547,871	4,253,906
Other long term benefits	(110,856)	(156,157)
Post-employment benefits	147,428	125,228
Termination benefits	562,320	1,073,726
Share-based payments	286,135	(532,953)
Total	4,432,898	4,763,750

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. Apart from the details disclosed below, no director has entered into a material contract with the Consolidated Entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

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. The expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

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.

20 Remuneration of auditors

	2015 $	2014 $
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	532,000	481,500
Overseas KPMG firms	33,343	29,253
Total fees for audit services provided by KPMG	565,343	510,753
Other services provided by KPMG Australia		
Taxation compliance and other taxation advisory services	165,882	193,446
Other services	120,000	27,500
Total fees for other services provided by KPMG Australia	285,882	220,946
Total fees	851,225	731,699

21 New accounting standards

(i) Mandatory Standards adopted during the year

In the current year the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Australian Accounting Standards and Interpretations 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 applied AASB 2014-1 *Amendments to Australian Accounting Standards* for the first time in the annual reporting period beginning 1 January 2015. The Consolidated Entity also elected to early adopt the following standards:

- AASB 2015-1 *Amendments to Australian Accounting Standards (Improvements 2013-2014 Cycle);*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*; and
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.*

The adoption of these amendments did not have any significant impact on the Consolidated Entity's results or its accounting policies as these amendments either clarified the existing requirements or clarified disclosures, which have been incorporated into these financial statements.

(iii) Issued Standards and pronouncements not early adopted

At the date of authorisation of the Financial Statements, the following AASB Standards and interpretations were in issue but not yet effective. The Consolidated Entity has not yet assessed the full impact of the below Standards, however none are expected to have a material impact on the transaction and balances recognised in the Financial Statements:

- *AASB 9 Financial Instruments* (as issued in December 2010 and December 2014) replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. The Consolidated Entity elected to early adopt AASB 9 (as issued in December 2009) from 1 January 2010. As permitted under the transitional provisions, there is no requirement for it to transition to the latest version as it does not apply mandatorily before 1 January 2018 and is not expected to have a material impact when it is first adopted for the year ending 31 December 2018.
- AASB 15 Revenue from Contracts with Customers changes the timing (and in some case, the quantum) of revenue recognised from customers. The Standard does not apply mandatorily before 1 January 2018 and is not expected to have a material impact when it is first adopted for the year ending 31 December 2018.

The following standards, all consequential amendments and interpretations are mandatory from 1 January 2016, have not been adopted early by the group, and will be first adopted for the year ending 31 December 2016. They are not expected to have material impact on application:

- AASB 2014-3 *Accounting for Acquisitions of Interests in Joint Operations;*
- AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation;*
- AASB 2014-9 *Equity Method in Separate Financial Statements; and*
- AASB 2014-10 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

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 42 to 75 and the remuneration disclosures that are contained in the Remuneration Report on pages 28 to 40, are in accordance with the Corporations Act 2001, including:
     - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2015 and of its performance for the year ended on that date; and
     - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
   - (b) the directors draw attention to page 46 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.
   - (a) 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 18 to the Consolidated Financial Statements 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 98/1418.
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 2015.

Signed in accordance with a resolution of the directors.

Neil Hamilton
Chairman
Perth
10 February 2016

Andrew Cole
Managing Director and Chief Executive Officer
Adelaide
10 February 2016

Independent Auditor's Report

Independent auditor's report to the members of OZ Minerals Limited

Report on the Financial Report

We have audited the accompanying Financial Report of OZ Minerals Limited ('the Company'), which comprises the Consolidated Balance Sheet as at 31 December 2015, and Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Report that is free from material misstatement whether due to fraud or error. In the introduction to the Notes to the Consolidated Financial Statements set out on page 46, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the Financial Statements of the Consolidated Entity comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Financial Report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Report.

We performed the procedures to assess whether in all material respects the Financial Report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Consolidated Entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Independent Auditor's Report

Auditor's opinion

In our opinion:

(a) the Financial Report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in the introduction to the Notes to the Consolidated Financial Statements set out on page 46.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 40 of the Directors' Report for the year ended 31 December 2015. 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 responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of OZ Minerals Limited for the year ended 31 December 2015 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Michael Bray
Partner
Melbourne
10 February 2016