

A modern
mining company

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26 February 2016

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

Dear Sir/Madam,

OZ Minerals – Carrapateena Update – Announcement and Webcast Details

Please find attached the Carrapateena Update announcement and presentation.

A management presentation on this announcement will be available to view on the OZ Minerals website at www.ozminerals.com at 10am AEDT and an archive will be available later in the day.

Yours faithfully,

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

Robert Mancini
Company Secretary

26 FEBRUARY 2016

ASX Release

Carrapateena: a clear and compelling path to value creation



Highlights

- A 2.8Mtpa mine using sub-level caving (SLC), on-site processing, hydromet and single decline, will be taken forward as the new base case into a Prefeasibility Study (PFS) utilising the extensive work previously completed
- This new base case has robust financial metrics¹:
 - NPV_{9.5} over A\$600M and IRR of over 20% (at consensus pricing)
 - Estimated production for the first 3 full years of 55kt Cu and 58koz Au per annum; with LOM 40kt Cu and 38koz Au per annum
 - Mine life of more than 20 years
 - Project cost of circa A\$770M (including hydromet and study costs)
 - C1 costs of US\$0.70/lb (first 5 years), with LOM C1 costs of US\$1.00/lb
 - Expected payback of 5 years (at consensus pricing)
 - Average annual cash flow over A\$150M (at consensus pricing) with operating cash in 2019
 - Detailed scoping study has accuracy of -5% to +20%
- Ability to fund from existing cash and expected cash flow from Prominent Hill
- Lower risk mining method compared to other options with clear ability to expand into larger resource
- Sensitivities demonstrate project robustness. Flat spot pricing over the life of the mine yields positive financials with NPV_{9.5} over A\$55M and IRR of over 10%
- Work to cease on all block cave mining options

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Summary

OZ Minerals today announced plans to accelerate planning for the Carrapateena copper-gold project in South Australia adding a projected A\$150 million in average annual cashflow (based on consensus pricing) by 2019 and delivering hundreds of local jobs to regional areas.

Following a four month technical review¹ of nine options, OZ Minerals has identified a sub-level caving option that we believe will generate strong returns and be funded by cash on

¹ Cautionary Statement: The scoping study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or the provide certainty that the conclusions of the scoping study will be realised. The production target referred to in this announcement is based on 99% Indicated Mineral Resources and 1% Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target will be realised.

hand and expected cash flow from the Prominent Hill mine.

“Our plan for Carrapateena to become a world class project that generates strong returns has taken a big step forward,” said Andrew Cole, Managing Director and CEO.

“Whatever lens you look through, whether it is value, rate of return, grade, cost, mine life, production profile, jobs or scalability, we believe Carrapateena will be an outstanding project.

“We have identified a stand-out option that we expect will bring hundreds of jobs to the region and make a lasting difference to the local community,” said Mr Cole.

By fast-tracking the design and decision-making process by leveraging off the extensive work already undertaken, OZ Minerals hopes to start building the project at a low point in the commodity cycle when it’s less expensive to develop and when the typical risks of schedule and capital overruns are lower.

A key focus of the project will be the local community. OZ Minerals is seeking to work in partnership with the Kokatha people, the Traditional Owners of the land where Carrapateena is located. Discussions have begun with the Kokatha to jointly develop a plan to maximise the social and economic value for all stakeholders.

“This is a great opportunity for the Kokatha people and we are looking forward to continuing our partnership with OZ Minerals to maximise the benefits for the local community,” said Chris Larkin, Chairperson of the Kokatha Board.

For South Australia and our many partners, this project has the potential to bring employment and business opportunities as we ramp up activity at Carrapateena from March, creating approximately 400 new jobs in the construction stage then a similar number of operational jobs from 2019 onwards.

Next steps

- Commence a PFS leveraging our disciplined approach to project design and drawing on the extensive work already completed
- Explore opportunities to increase throughput from 2.8Mtpa to a maximum of 4.8Mtpa through cut-off grade optimisation and the addition of an alternate ore handling system by mid-2016
- Drill four new drill holes with the aim of upgrading the mineral resource to Measured status and sample drill core for metallurgical testing by mid-2016
- Finalise the scoping, costing and supplier selection to order long lead items and to allow decline construction to commence in mid-2016
- Cease work on all block cave mining options
- Commit approximately \$20M in 2016 to complete the substantial work already undertaken including PFS, drilling activities (including water drilling) and permitting activities

Overview of scoping study

The scoping study, completed over the past four months, evaluated nine development options for Carrapateena:

- A value optimised stand-alone block cave project
- A rail option linking a block cave project at Carrapateena with Prominent Hill
- A high grade option (which analysed seven development scenarios by examining two alternative mining methods - sub level open stoping (SLOS) and SLC - at different cut-off grades).

The results of the scoping study indicate that the SLC mining method has better financial metrics than the block cave and SLOS options. A 2.8Mtpa SLC option has been identified as the base case for the PFS. The PFS will optimise the cut-off grade and life of mine haulage strategy to determine the production profile with more certainty. Following this, the mine, process plant and infrastructure engineering will follow with sufficient detail to allow eventual progression to FS.

“Having narrowed down the options, we are now going to complete a PFS for the new base case and we then expect to commit to purchasing long lead items and commencing the development of the decline,” said Mr Cole.

The proposed new base case will mean that the existing tunnel boring machine will be sold. It is currently on the books at \$12M.

With the copper market forecast to move into deficit by the end of the decade and new projects needed to keep up with growing demand, Carrapateena could potentially come online at an ideal time to take advantage of improving copper prices.

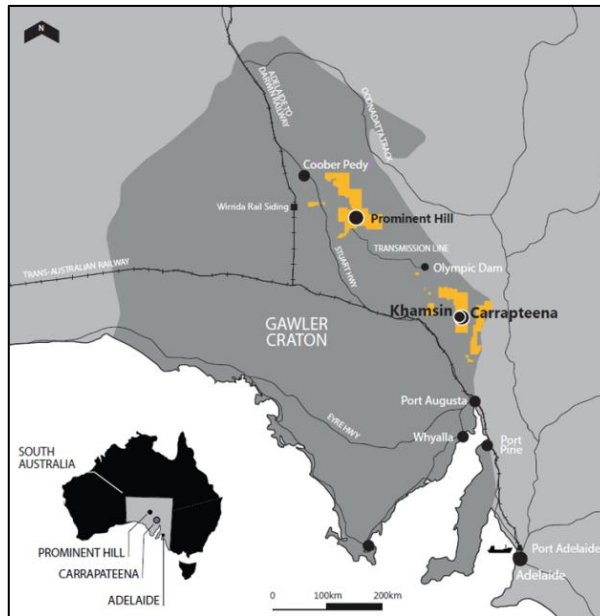
“OZ Minerals is a highly disciplined, low cost producer that operates in the bottom quartile of the cost curve and Carrapateena will be a perfect fit for our low cost portfolio, resilient to market cycles,” said Mr Cole.

“Once in full production, Carrapateena will help return South Australia to the copper mining powerhouse it once was and should make a timely contribution to the South Australian Copper Strategy,” Mr Cole said.

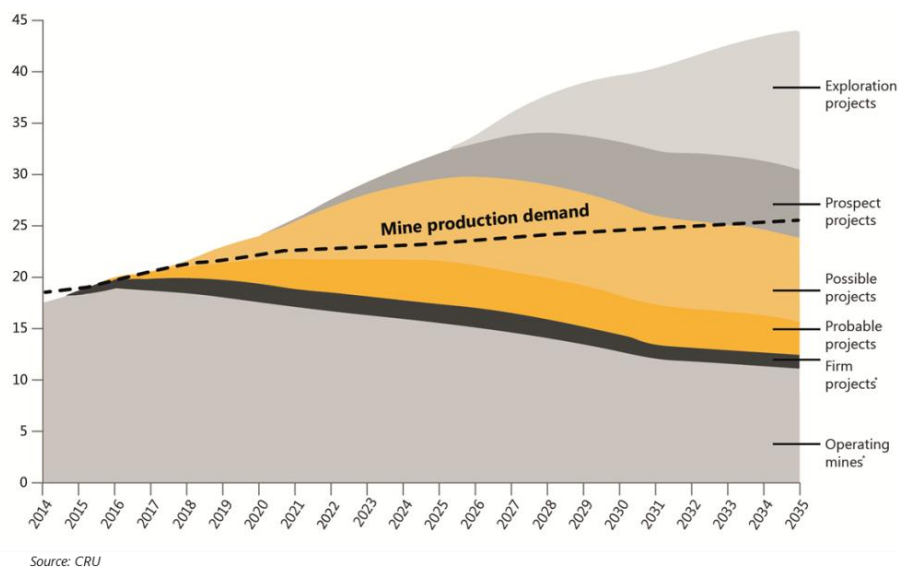
Milestone	Timeline
Decision to commence decline	May 2016
Completion of PFS	Q4 2016
Completion of FS	Q1 2017
Final decision	Q1 2017

Background on Carrapateena

Carrapateena is located in South Australia’s highly prospective Gawler Craton, approximately 160 kilometres north of Port Augusta. The project was purchased by OZ Minerals in 2011 and a three year drilling program increased the resource base from 203Mt at 1.3% copper and 0.6g/t gold to 800Mt at 0.8% copper and 0.4g/t goldⁱⁱ. In October 2015, a high grade resource of 61Mt at 2.4% copper and 0.9g/t goldⁱⁱⁱ was defined within the larger resource and has since been the focus of this scoping study. South Australia is an excellent mining jurisdiction with a stable regulatory environment and good access to infrastructure.



Despite the current low copper price, OZ Minerals believes that the underlying long term fundamentals for copper remain very strong. This is supported by a number of forecasts, including CRU and Wood Mackenzie, expecting demand to exceed production from operating mines and firm/probable projects from the end of the decade.



Options Analysed

1. Optimised block cave

The scope of work and capital cost estimate for the block cave option were reviewed and opportunities to reduce the pre-production capital cost identified in power supply, borefield, processing plant and civil works.

While potential cost reductions of \$260M were identified, the optimised block cave option was not determined to be the preferred option, as the expected returns for this option were inferior to the high grade options explored.

2. Rail linking block cave option

A rail study defined a 250km alignment from Prominent Hill to Carrapateena connecting to existing rail infrastructure at Wirrappa, 50km to the west of Carrapateena. The total cost for the rail infrastructure was estimated at \$1,600M including rolling stock. The operational model included bulk ore being railed from Carrapateena to Prominent Hill with concentrate hauled by rail from Prominent Hill to Port Adelaide via Carrapateena and Wirrappa. For the purposes of comparison with the other options, it was assumed the rail infrastructure would be built, owned, operated and maintained by a third party. An external advisor provided approximate costs for possible user-pays, sole carriage costs.

A dedicated rail link was determined not to be a competitive option.

3 – 9. High grade options

Seven high grade options were developed with key input from AMC Consultants (AMC) and GR Engineering Services (GRES).

AMC developed mine designs, production schedules, capital and operating costs for seven options covering a range of cut-off grades for the SLOS and SLC mining methods. The study determined that the deposit could be profitably mined by SLOS at rates of 1.3 – 3.0 Mtpa and by SLC at rates of 2.8 – 4.8Mtpa.

In all cases, it was assumed that initial access to the mine would be via a drill and blast decline. For production rates up to 3.0Mtpa, it was assumed that ore would be trucked to the surface via a single decline. For production rates exceeding 3.0Mtpa, a second decline was assumed.

GRES developed surface infrastructure designs and capital and operating costs for a 1.3Mtpa case and a 3.0Mtpa case. Capital and operating costs for each option identified in the mining study were factored from the nearer GRES case.

Ore will be processed via crushing, grinding and flotation and the flotation concentrate processed onsite by hydromet.

The financial analysis was undertaken with price and exchange rate assumptions shown below. These are based on average broker consensus pricing.

Assumptions:

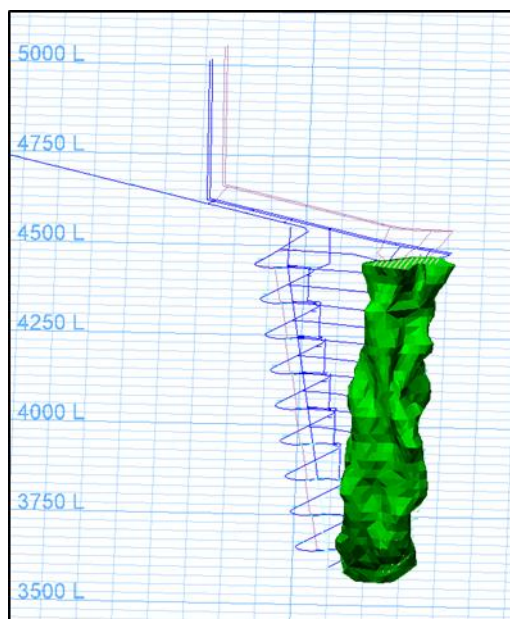
Metric		2019	2020	LOM	SPOT
Cu price	US\$/lb	2.81	3.10	3.00	2.03
Au price	US\$/oz	1,285	1,300	1,250	1121
Ag price	US\$/oz	19.00	19.00	19.00	14.52
Exchange Rate	US:AUD	0.72	0.74	0.74	0.70

Go-forward option: 2.8 Mtpa SLC project

Mine Design

The 2.8Mtpa SLC mine will be accessed by a single 3.5km long drill and blast decline with a 6m x 6m profile on a gradient of 1:7. The SLC mine layout consists of 25m sub-level intervals.

The scoping study SLC mine design for the 2.8Mtpa case is shown below.



Processing Facility

Ore will be trucked to a surface stockpile from underground and transferred by loader into a surface primary crusher which then feeds into the process plant. Ore will be processed by SAG mill, ball mill, pebble crushing and flotation.

Flotation concentrate will be filtered before being transferred to the concentrate treatment plant (Hydromet) where it is repulped and processed. In general the Processing Facility flow sheet is similar to Prominent Hill.

Hydromet

The hydromet treatment circuit will be largely based on that tested in the demonstration plant. Smelter tests on the trial hydromet concentrate have proved to be very positive, confirming that the product has excellent smelting characteristics and will be sought after by customers.

The final concentrate containing nominally 60% copper is then filtered and conveyed to the concentrate storage facility.

Infrastructure

The proposed village will remain in the location of the current exploration camp with an expansion utilising redundant buildings from Prominent Hill and hire facilities for the construction period of peak manning.

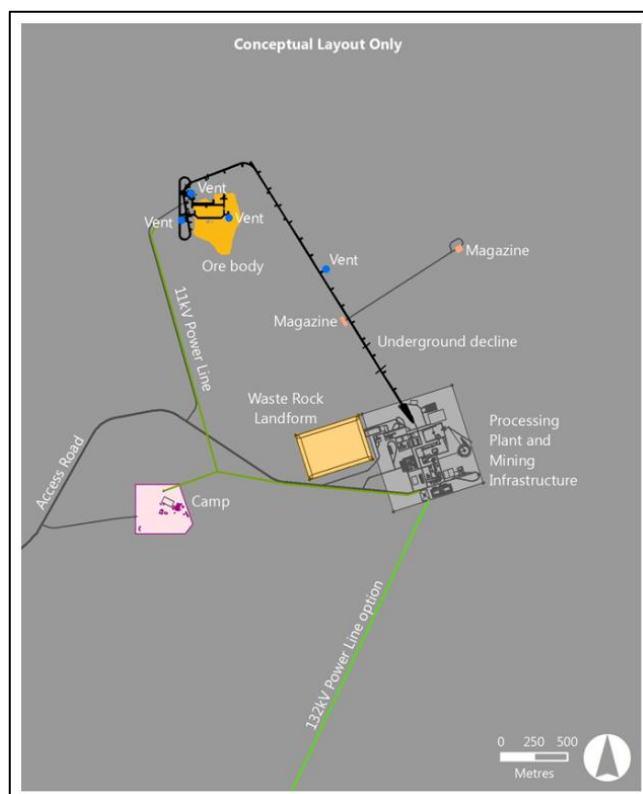
Site power supply will be drawn from the Mt Gunson substation and consists of a single, 132kV transmission line capable of delivering 45MW of power to the site.

Site access will be via the existing road from the Stuart Highway to Carrapateena. No new haul road is planned.

Early development of an airfield will support increased manning numbers. The airfield will consist of a dirt strip capable of landing 20 seat aircraft.

Site water will be provided by the previously proposed northern borefield, however, the significant reduction in water demand relative to the block cave options means that only the most southerly portion of the borefield needs to be developed providing for a significant reduction in capital cost. The borefield will be powered by diesel generators, unlike the block cave options which would have used an 11kV transmission line.

A conceptual site layout is shown below:



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Forward Looking Statements

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

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

ⁱ Material assumptions used in the estimation of the production target and associated financial information are set out in the following table.

Criteria	Commentary														
Mineral resource estimate underpinning the production target	The Mineral Resource estimate declared in October 2015 ⁱⁱⁱ underpins the production target. This estimate was prepared by a Competent Person in accordance with the JORC Code 2012.														
Study status	The production target and financial information in this release are based on a scoping study. The scoping study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realised.														
Capital Costs	<p>The pre-production capital costs estimated as part of the scoping study are shown below.</p> <table><tr><td>Activity</td><td>AUD (\$m)</td></tr><tr><td>Mining</td><td>250</td></tr><tr><td>Processing</td><td>250</td></tr><tr><td>Infrastructure</td><td>100</td></tr><tr><td>Contingency</td><td>100</td></tr><tr><td>EPCM</td><td>70</td></tr><tr><td>Total</td><td>770</td></tr></table>	Activity	AUD (\$m)	Mining	250	Processing	250	Infrastructure	100	Contingency	100	EPCM	70	Total	770
Activity	AUD (\$m)														
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Total	770														
Cut-off parameters	<p>The mining method selected for Carrapateena was assumed to be sub-level caving (SLC) and the estimated production rate was 2.8 Mtpa. Expressed as a Net Smelter return (NSR) the break-even cut-off grade was estimated to be \$66 per tonne of ore. The breakdown of this cost is shown in the table below.</p> <table><tr><td>Activity</td><td>Cost per tonne (AUD)</td></tr><tr><td>Mining</td><td>39</td></tr><tr><td>Processing</td><td>20</td></tr><tr><td>Site Administration</td><td>7</td></tr><tr><td>Total</td><td>66</td></tr></table> <p>The cut-off grade used in the estimation of the production target was \$125 per tonne of ore.</p>	Activity	Cost per tonne (AUD)	Mining	39	Processing	20	Site Administration	7	Total	66				
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Processing	20														
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Mining factors or assumptions	<p>The production target was based on SLC. Development and cave plans and schedules were prepared for the entire Carrapateena deposit.</p> <p>Geotechnical assumptions were drawn from work completed for the Prefeasibility Study completed in 2014 (PFS14).</p> <p>Cave draw and metal recovery parameters were based on the performance of similar operations in Australia. Development through mineralisation contributed approximately 10% of the production target.</p> <table><tr><td>Material Drawn from cave</td><td>110%</td><td>of tonnes blasted</td></tr><tr><td>Metal recovered from cave</td><td>85%</td><td>of metal blasted</td></tr></table>	Material Drawn from cave	110%	of tonnes blasted	Metal recovered from cave	85%	of metal blasted								
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Metallurgical factors or assumptions	The metallurgical recoveries assumed are shown below.																																			
	Metal	Recovery %																																		
	Copper	92																																		
	Gold	74																																		
	Silver	73																																		
	These recoveries include the small losses attributable to the Hydromet process.																																			
Infrastructure	There is little existing infrastructure at Carrapateena. The 2.8 Mtpa processing plant and supporting infrastructure capital costs were factored from an estimate for a 3Mtpa capacity facility as part of the scoping study.																																			
Costs	All costs used in the estimation of the production target and the associated financial information were estimated to a scoping study level of accuracy.																																			
Revenue factors	<table><tr><th>Parameter</th><th>Units</th><th>LOM</th></tr><tr><td>Copper</td><td>US \$ / lb</td><td>3.00</td></tr><tr><td>Gold</td><td>US \$ / oz</td><td>1250</td></tr><tr><td>Silver</td><td>US \$ / oz</td><td>19</td></tr><tr><td>Concentrate Load and Transport</td><td>AU \$ / t</td><td>67</td></tr><tr><td>Concentrate Sea Freight</td><td>US \$ / wmt</td><td>67</td></tr><tr><td>Copper Concentrate Smelting</td><td>US \$ / dmt</td><td>80</td></tr><tr><td>Copper Refining</td><td>US \$ / lb</td><td>0.08</td></tr><tr><td>Gold Refining</td><td>US \$ / oz</td><td>5.00</td></tr><tr><td>Silver Refining</td><td>US \$ / oz</td><td>0.50</td></tr><tr><td>Exchange Rate</td><td>AUD / USD</td><td>0.74</td></tr></table>			Parameter	Units	LOM	Copper	US \$ / lb	3.00	Gold	US \$ / oz	1250	Silver	US \$ / oz	19	Concentrate Load and Transport	AU \$ / t	67	Concentrate Sea Freight	US \$ / wmt	67	Copper Concentrate Smelting	US \$ / dmt	80	Copper Refining	US \$ / lb	0.08	Gold Refining	US \$ / oz	5.00	Silver Refining	US \$ / oz	0.50	Exchange Rate	AUD / USD	0.74
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Audits or reviews	The mining and processing and infrastructure components of the scoping study were independently reviewed. No material issues were identified by the reviewers.																																			

ⁱⁱ See ASX release 'Annual Carrapateena Resource Update – 2013' released on 28 November 2013 which is available at <http://www.ozminerals.com/uploads/media/20131128-ASX-Carra-Resource-Update-Final-73cb0ffc-39da-4051-88f4-fd5a4722a123-0.pdf>. OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in that announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. OZ Minerals confirms that the form and context in which the findings of the Competent Person are presented have not been materially modified from that announcement.

ⁱⁱⁱ See ASX release 'Carrapateena Update – 61Mt @ 2.9% CuEq' released on 6 October 2015, which is available at <http://www.ozminerals.com/uploads/media/151006-Carrapateena-High-Grade--Explanatory-notes-1503c513-d142-485c-8a51-52b3c24ad7bc-0.pdf>. OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in that announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. OZ Minerals confirms that the form and context in which the findings of the Competent Person are presented have not been materially modified from that announcement.



OZ Minerals

Carrapateena - a clear and compelling path to value creation



A modern
mining company

26 FEBRUARY 2016

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

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Certain statistical and other information included in this presentation is sourced from publicly available third party sources and has not been independently verified.

All figures are expressed in Australian dollars unless stated otherwise.

Compliance Statements

Production Target Cautionary Statement

The production target is based on:

Indicated:	99%
Inferred:	1%

There is a low level of geological confidence associated with inferred mineral resources. There is no certainty that further exploration work and studies will result in the determination of indicated mineral resource or that the production target will be realised.

The Carrapateena Mineral Resource estimate announced on 6 October 2015 underpins the production target. The Mineral Resource Estimate underpinning the production target was prepared by a Competent Person in accordance with the JORC Code 2012. The production target and financial information in this release are based on a scoping study. The scoping study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realised.

Carrapateena Mineral Resource estimates

The information in this presentation that refers to the Mineral Resource estimate for Carrapateena as at November 2013 is extracted from the announcement entitled 'Annual Carrapateena Resource Update 2013' released on 28 November 2013 available at <http://www.ozminerals.com/media/annual-carrapateena-resource-update-2013>. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the findings of the Competent Person (Stuart Masters) are presented have not been materially modified from the original market announcement.

The information in this presentation that relates to the High Grade Carrapateena Mineral Resource estimate is extracted from the announcement entitled 'Carrapateena Update' released to the market on 6 October 2015 and available at <http://www.ozminerals.com/Media/docs/151006-Carrapateena-High-Grade--Explanatory-notes-1503c513-d142-485c-8a51-52b3c24ad7bc-0.pdf>. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the findings of the Competent Person (Stuart Masters) are presented have not been materially modified from the original market announcement.

OZ Minerals growth strategy

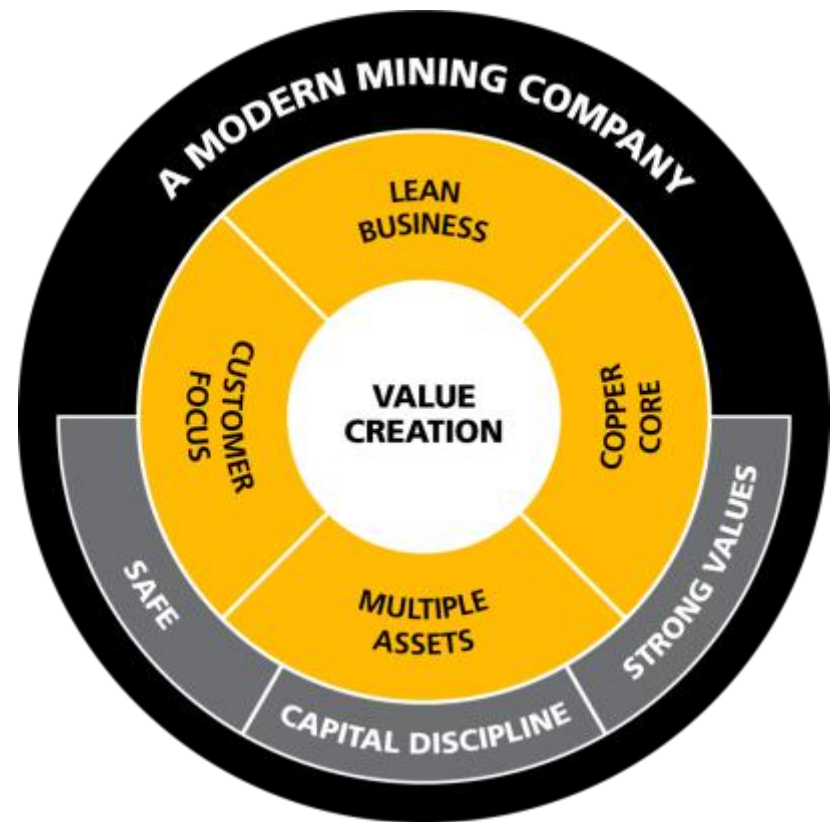
Carrapateena project - focused on value creation

How we will work

- **Safety** – Safe work above all else, strive for a workplace with no injuries.
- **Values** – Integrity and strong governance in all aspects of the way we work.
- **Capital discipline** – Commitment to reliably and predictably deliver with disciplined capital deployment.

What we will focus on

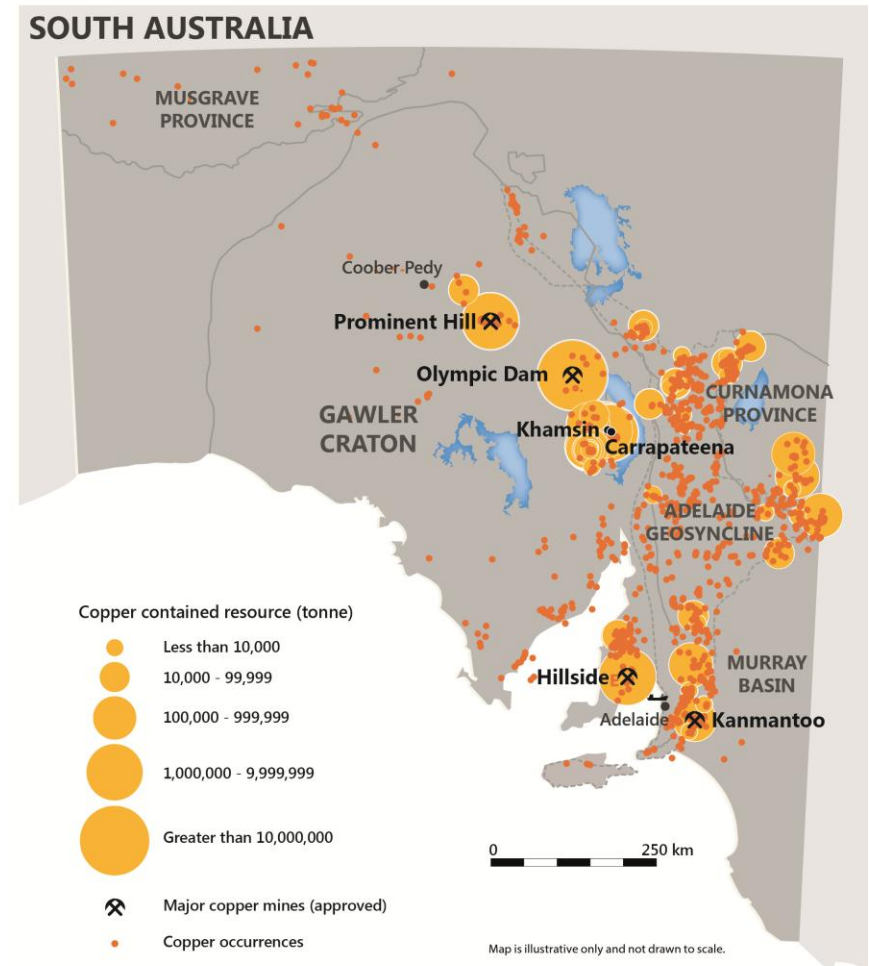
- **Lean business** – Fit for purpose today with an agile and flexible approach to opportunity.
- **Customer focus** – Preferred supplier of mineral products to customers.
- **Copper core** – Foundation built on copper with base metals and gold opportunistically pursued.
- **Multiple assets** – Build and maintain a portfolio of valuable, risk managed, cash generating assets.



Copper Core

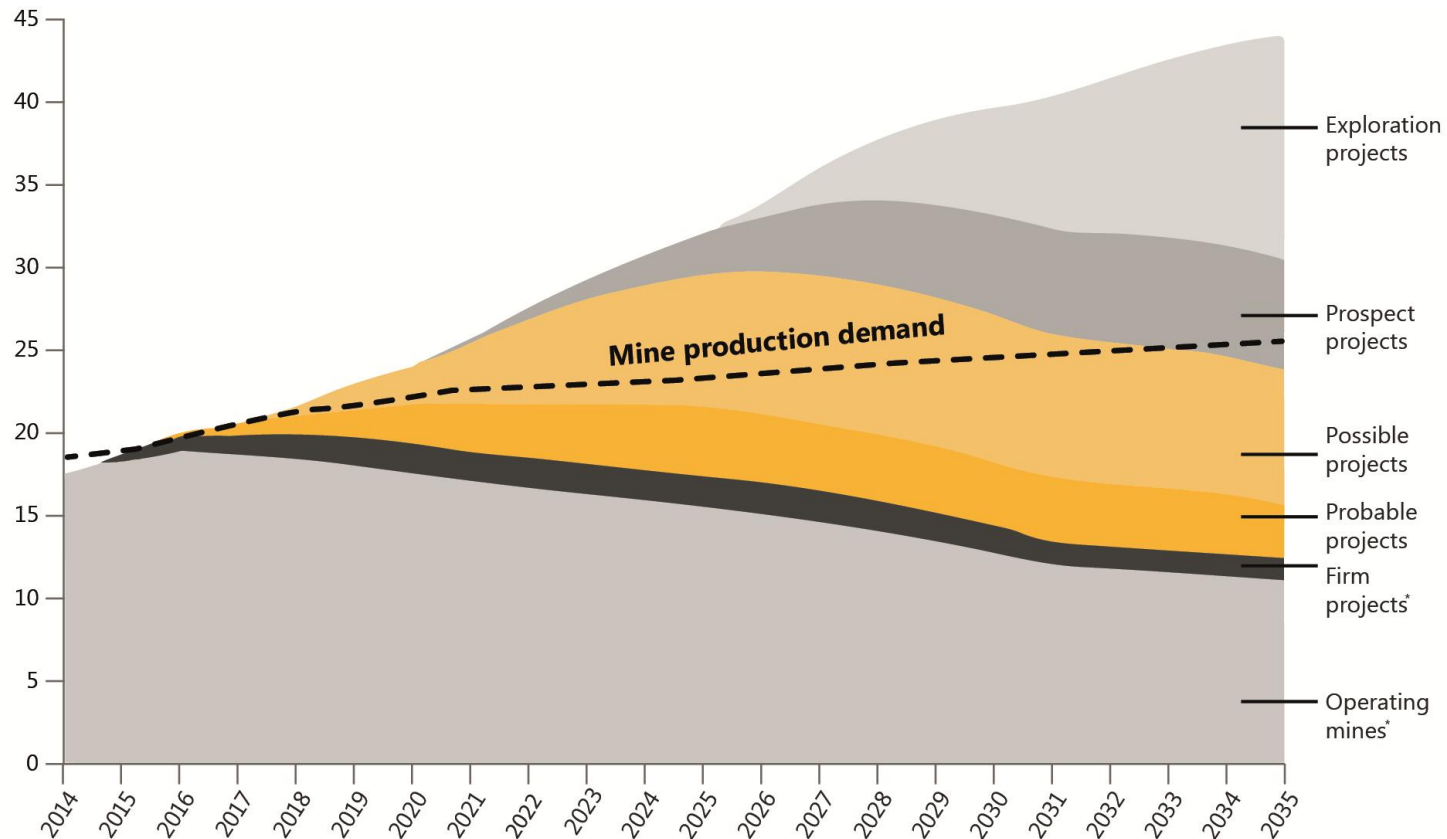
Significant resource base to leverage

- / South Australia is a favourable mining jurisdiction
- / Gawler Craton contains one of the world's largest ore bodies at Olympic Dam and other significant deposits, including Prominent Hill and Carrapateena
- / Supportive State Government implementing Copper Strategy
- / Strong community support
- / Well located with respect to road and rail, power and water
- / Export route to Asian and European markets via Adelaide



Long term copper market

Future copper supply forecast to be in deficit



Source: CRU



WELCOME TO
**CARRAPATEENA
EXPLORATION
CAMP**











Previous Options & Risks

Options Compared

Option		BASE	OPT	RAIL	HIGH GRADE
Mining method		BLOCK CAVE			SLC
Annual rate	Mtpa	12.4	12.4	12.4	2.8
Head grade	%Cu _{eq}	1.3	1.3	1.3	2.1
Commissioning and ramp-up	Year	2023	2023	2023	2019
Mine life	Years	23	23	22	21
IRR	%	12.7	13.7	9.6	Over 20
Pre-production capital	\$	\$3B	\$3B	\$2B	\$770M
Underground Geotechnical Risk	Risk	Extreme	Extreme	Extreme	Moderate
Uranium in Concentrate	Risk	Extreme	Extreme	Extreme	Moderate
Funding	Risk	Extreme	Extreme	High	Moderate

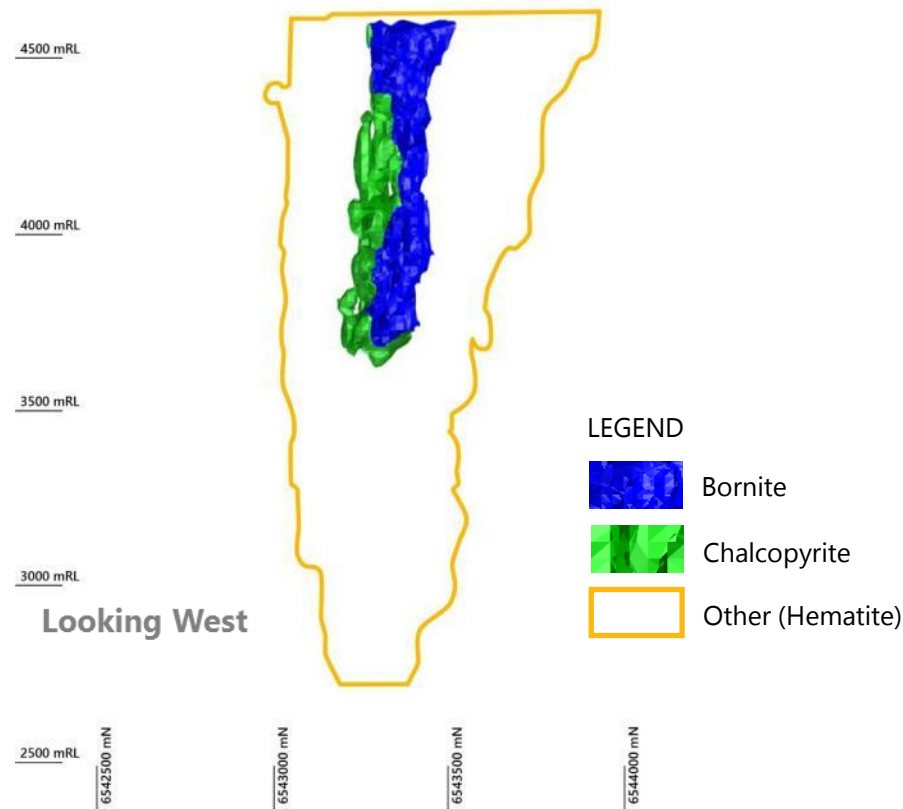
High Grade

Potential high value starter project with later expansion

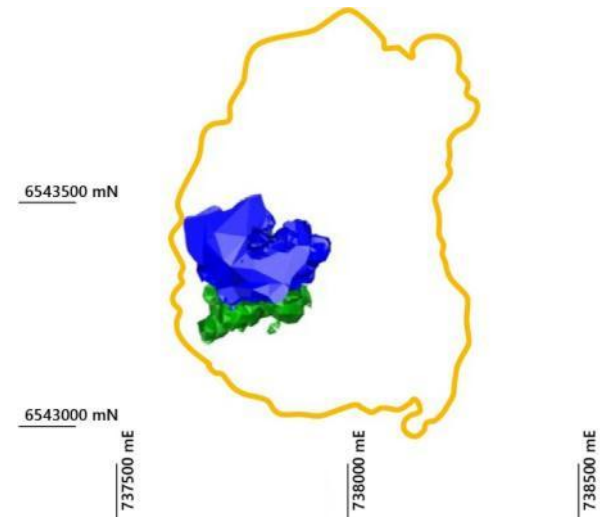
2015 Indicated and inferred mineral resources

61 Mt @ 2.4% Cu, 0.9 g/t Au (at A\$120/t NSR cut-off)*

Section (view west)



Plan



* These wireframes show the interpreted limits of the hematite breccia, chalcopryite-dominant and bornite-dominant domains. These domains contain the entire Mineral Resource.

Announcement

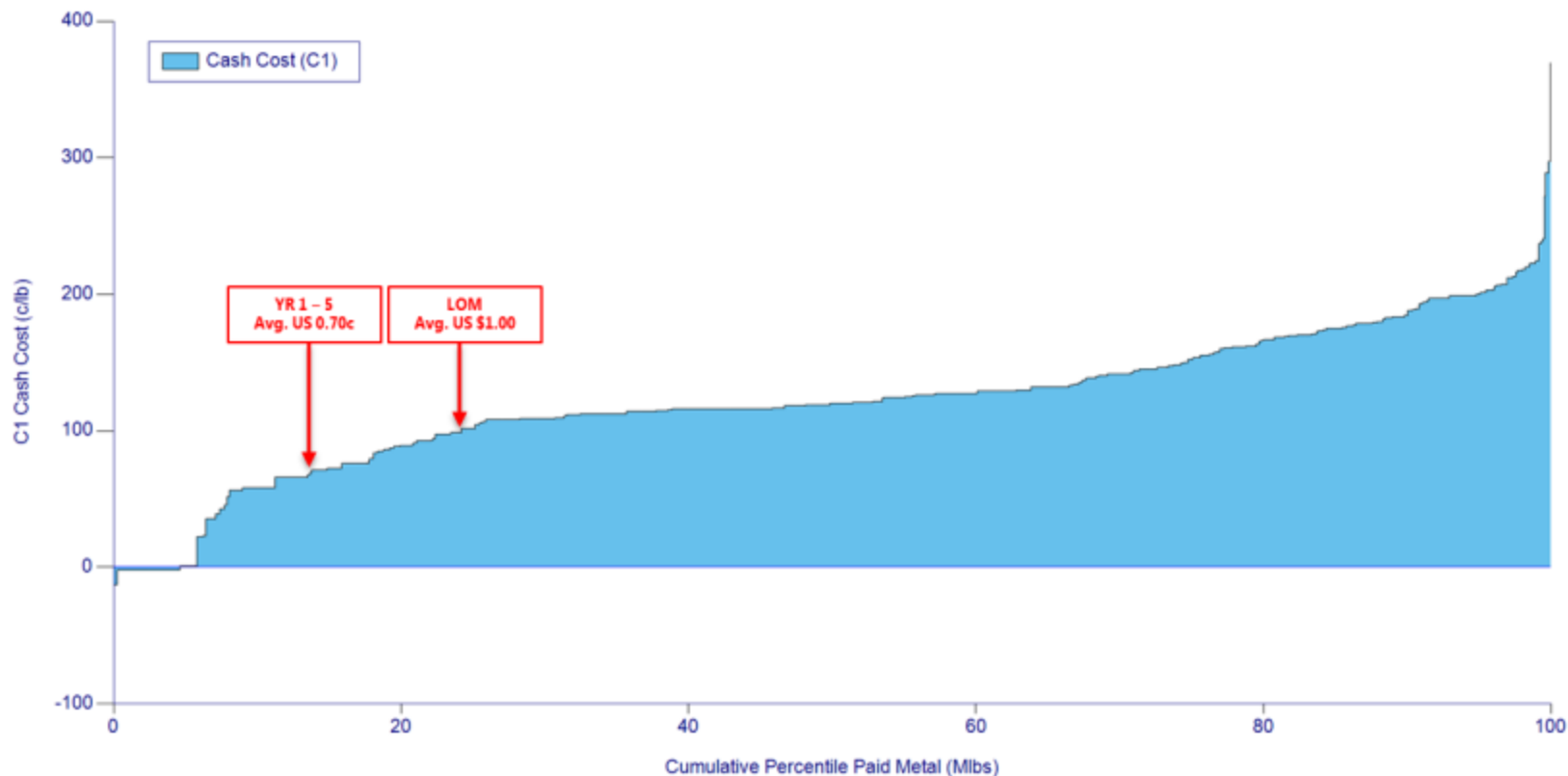
Carrapateena - a clear and accelerated path to value creation

- / 2.8Mtpa mine using sub-level caving (SLC), on-site processing, hydromet and single decline, will be taken forward into PFS
- / NPV_{9.5} over A\$600M and IRR of over 20% (at consensus pricing)
- / Estimated production for the first 3 full years of 55kt Cu and 58koz Au per annum; with LOM 40kt Cu and 38koz Au per annum*
- / Capital cost of circa A\$770M (including hydromet and study costs)
- / C1 costs of US\$0.70/lb (first 5 years), with LOM C1 costs of US\$1.00/lb
- / Expected payback of 5 years (at consensus pricing)
- / Average annual cash flow of over A\$150M (at consensus pricing) with first cash in 2019
- / Ability to fund from existing cash and expected cash flow from Prominent Hill
- / Sensitivities demonstrate project robustness
- / Flat spot pricing over the life of the mine yields positive financials with NPV_{9.5} over A\$55M and IRR of over 10%
- / Detailed scoping study has accuracy of -5% to +20%

C1 cost curve

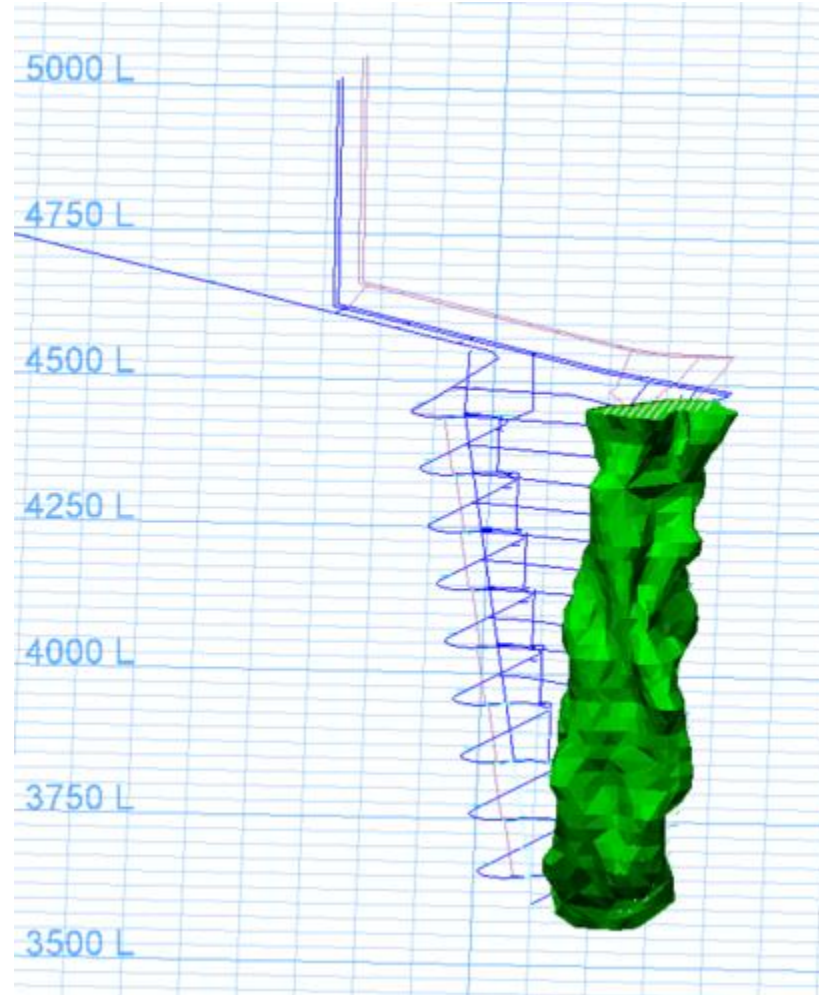


2016 Copper Mine, Composite, C1 Cash Cost
Grouped By Mine and Ranked By Cash Cost (C1)

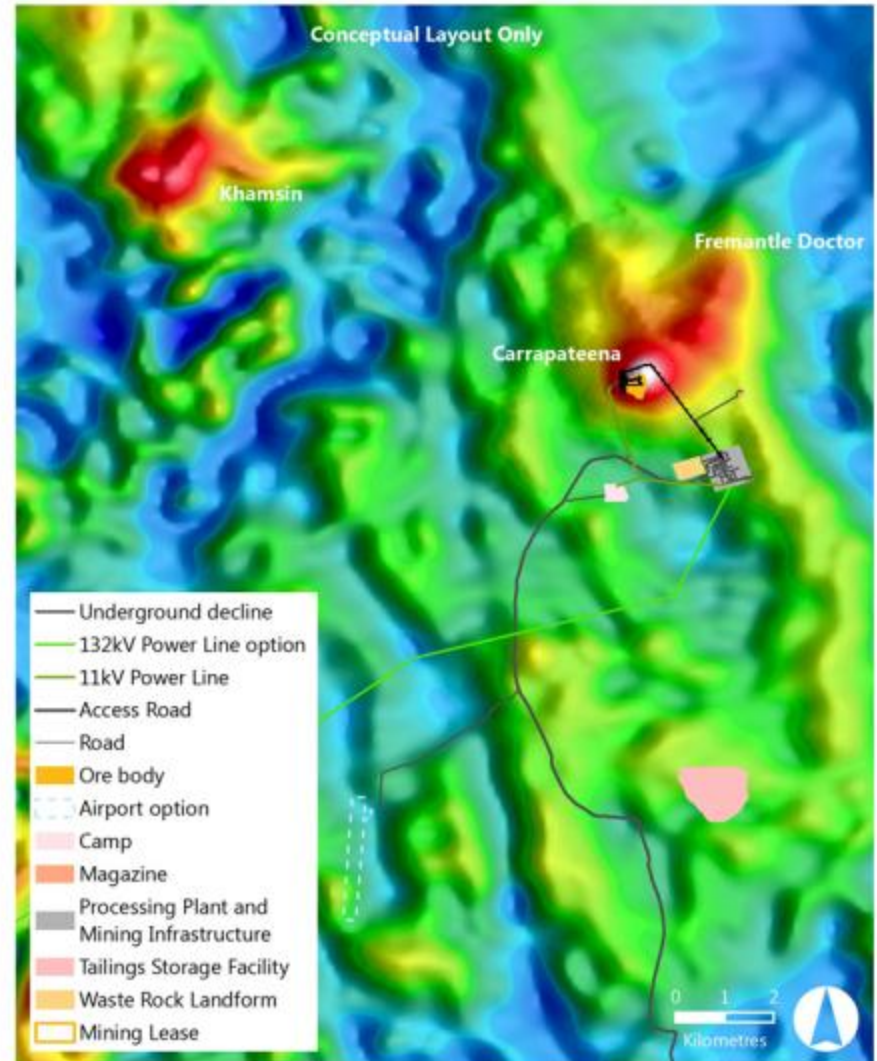
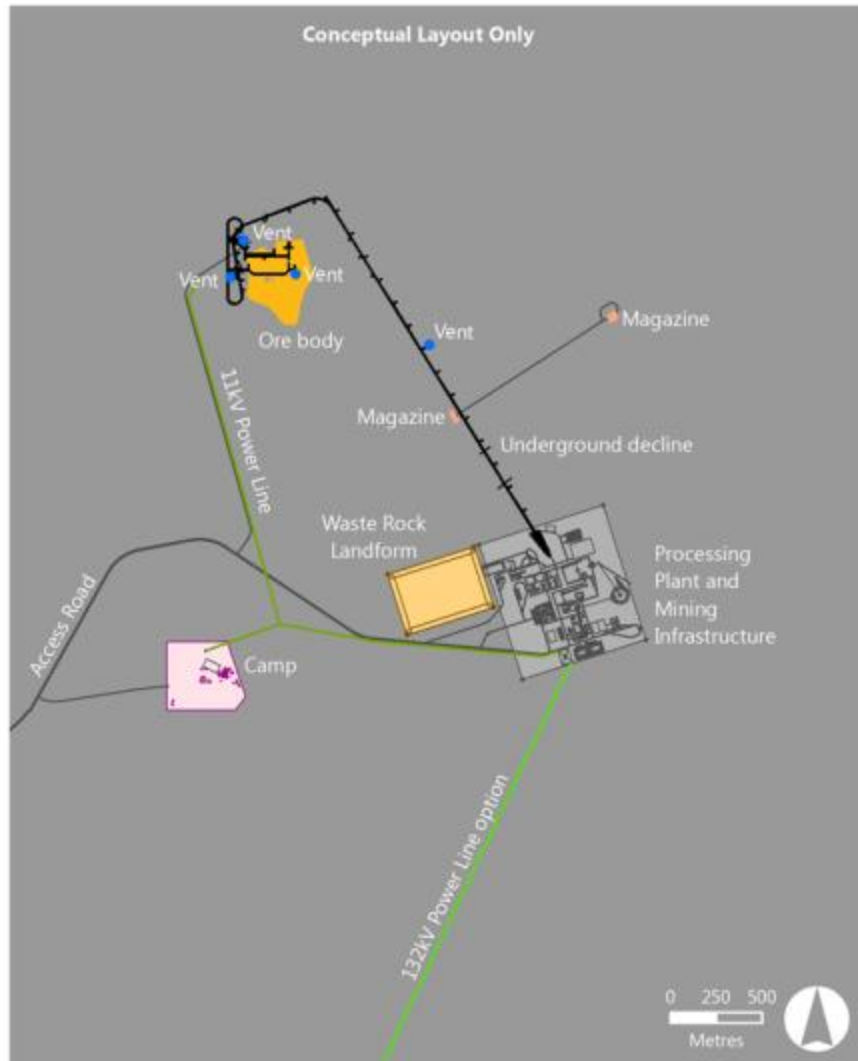


Source: Wood Mackenzie Ltd, Dataset: 2016 Q1

Potential mine design

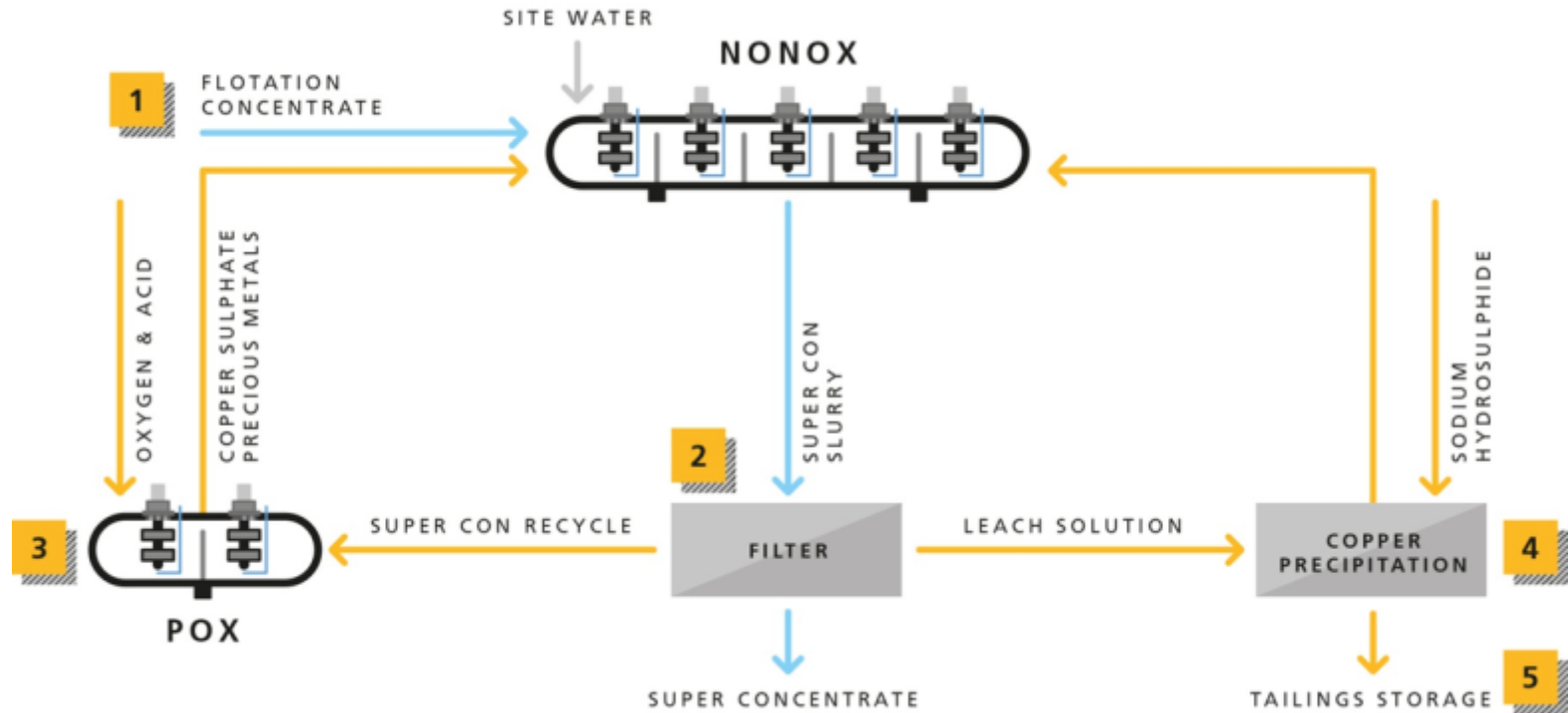


Conceptual layouts



Hydromet

The process



1. Flotation concentrate slurry is fed to an autoclave, this stage is called NONOX
2. The slurry from NONOX is filtered to separate the solid super concentrate from the leach solution
3. Some of the super concentrate is recycled into a second, smaller autoclave called POX
4. The leach solution from the filter contains a small amount of copper and silver which is recovered in a simple copper precipitation stage
5. After copper precipitation the leach solution is neutralised and sent to the tailings storage facility

Accuracy of Estimate

Carrapateena Cost Estimate

- / Undertaken a number of studies to support the range of scenarios considered
- / Significant bodies of work completed - the cost estimate is largely underpinned by either confirmed costs obtained through specific quotations quotations/historical data for recent similar projects
- / Less than 10 % of the overall capital cost distribution comes from numbers that represent an allowance, demonstrating the higher than normal accuracy for this stage of a project
- / This means that overall the estimate accuracy is determined at -5% to +20%
- / The final scope of the project requires further definition and additional study to ensure the value of the project is optimised and that a Prefeasibility Study estimate can be stated

Next steps

Carrapateena project

- / Accelerate and complete the PFS leveraging the extensive work completed to date
- / Explore opportunity to increase throughput upwards from 2.8Mtpa to a maximum of 4.8Mtpa through cut-off grade optimisation and the addition of an alternate ore handling system by mid 2016
- / Drill four new drill holes with the aim of upgrading the mineral resource to Measured status and sample drill core for metallurgical testing by mid 2016
- / Finalise the scoping, costing and supplier selection to order long lead items and to allow decline construction to commence in mid-2016
- / Cease work on all block cave mining options

New Timeline

Carrapateena Timeline to Operations



A Commitment of approximately \$20M to be expensed in 2016 to complete the substantial work already undertaken. This includes:

- An accelerated PFS leveraging extensive work done to date
- Exploring opportunities to increase throughput from 2.8Mtpa to maximum 4.8Mtpa through cut-off grade optimisation and alternate ore handling system
- Drilling new holes with the aim of upgrading the mineral resource to measured status and sample drill core for metallurgical testing
- Finalise scoping costing and supplier selection for long lead items and allow decline construction to commence in mid-2016
- Water drilling to further define the southern portion of the northern well field
- Mining Lease approvals activities including community consultation and engagement



OZ Minerals

Buy-back

26 FEBRUARY 2016



A modern
mining company

Updated Capital Management Framework

Rigorous competition for capital

-
- / Updated capital management framework to support commitment to provide shareholder returns
 - / Framework will focus on maximising shareholder value through rigorous competition for capital between:
 - / Paying dividends; &/or
 - / Buybacks; &/or
 - / Investment (both internal and external); and
 - / Ensuring capital is allocated efficiently
 - / Allocation to be reviewed in each period and dividend policy based on 20% of net cash generation not required for investment or balance sheet activity

Capital Management Framework

Share buy back

- / Share buyback of \$60 million from 14 March 2016 to end no later than 26 February 2017
- / Disciplined approach to returning cash to shareholders demonstrated by
 - Dividend announcement on 10 February
 - Share buyback of \$60 million in line with updated capital management framework
- / Buyback during depressed commodity cycle and with shares trading below book value
- / Retain ability to maintain dividends in line with dividend policy
- / Ability to fund growth at Carrapateena and opportunistic acquisitions
- / Strong cash balance
- / Significant future cashflows from Prominent Hill