



A modern
mining company

OZ Minerals Limited
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10 August 2016

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

Dear Sir/Madam,

OZ Minerals 2016 Half Year Financial Results – announcement and webcast details

Please find attached the OZ Minerals 2016 Half Year Financial Results announcement and presentation.

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

Yours faithfully,

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

Robert Mancini
Company Secretary and Head of Legal

10 AUGUST 2016

ASX Release

Operational and corporate costs down; resilient performance

Highlights

- Strong first-half financial performance:
 - Lowest global quartile C1 costs of US73.8c/lb
 - Underlying NPATⁱ of A\$55.0 million
 - Underlying EBITDAⁱ of A\$178.4 million
 - EBITDA margin of 45 percent
 - Operating Cash Flow of A\$116.0 million
 - Net cash balance of A\$564.3 million and nil debt
- Copper of 58,368 tonnes and gold of 57,662 ounces produced in concentrate
- Carrapateena studies on track with decline box cut underway
- Innovative earn-in deals signed with Mithril Resources and Cassini Resources
- Interim dividend of 6 cents per share totalling \$18.1 million declared

“Momentum continues to build across OZ Minerals with the Prominent Hill team delivering another strong quarter. The Carrapateena team is progressing studies and decline construction remains on track to deliver first concentrate in the second half of 2019,” said Andrew Cole, OZ Minerals Managing Director and CEO.

“Our strategy to create a lean and agile business has resulted in corporate overheads and Prominent Hill operating costs reducing significantly to position us as one of the lowest operating cost copper producers in the world.”

“Whilst total material movement from the open pit reduced by 32 percent (to 17.1Mt), ore mined increased by 54 percent (to 8.2Mt) when compared to the same period last year, evidencing the rapidly reducing open pit strip-ratio. Additionally, underground ore production increased by 18 percent (to 1Mt) through improved operating performance. “Prominent Hill operations are producing strong cashflows today and are positioning us well to produce strong cashflows for several years to come as we unwind the building ore stockpiles after open pit closure in 2018”.

“Independent benchmarking studies completed by AMC Consultants clearly show that the Prominent Hill underground operation is performing well with lowest half operating costs relative to comparative underground operators,” said Mr. Cole. “Notwithstanding this, we still have a number of opportunities scheduled to further improve performance.”

“We expect 2016 to be another strong year of production with increasing high grade copper ore from the underground. As a result, the dividend declared today reflects the Board’s expectation of strong cash flows through the remainder of 2016 and indeed over the next several years”.



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Other achievements

Safety performance remained steady with a half year TRIFR of 5.81.

C1 unit cost for the half-year was US73.8c/lb, in line with guidance for the 2016 calendar year of between US70 to US80 cents per payable pound of copper, reflecting lowest cost quartile performance. OZ Minerals will continue to focus on maintaining its competitive position as a lowest cost quartile producer to consistently protect margin.

Site general and administration costs for the half-year of \$9.6 million and corporate general and administration allocation of \$5.4 million were lower than the comparative period by \$4.3 million as a result of the 2015 organisational restructure, subsequent cost reduction programs and the simplification of systems and processes. These improvement programs continue.

Growth

The scoping studies to build a new 4Mtpa mine at Carrapateena and Concentrate Treatment Plant at Whyalla remain on track in the pre-feasibility study stage. Commercial discussions to secure terms to access Arrium's Whyalla port continue constructively. Pre-feasibility studies are expected to be completed prior to December 2016 after which feasibility studies will commence.

Pybar, an Australian company, was awarded the contract to construct the decline into Carrapateena and site works commenced in early August.

OZ Minerals' strategy to partner with junior exploration companies has resulted in the search for copper, lead/zinc and nickel being broadened from SA to extend to WA and QLD. A new strategic earn-in deal was signed with Mithril Resources targeting the Coompana block in the far west of SA, leveraging newly released exploration data under the South Australian PACE program. A further deal signed with Cassini Resources is focused on their Nebo-Babel resource estimate of 203.1Mt (95.5Mt indicated resources and 107.5Mt inferred resources)ⁱⁱ at a grade of 1.38% CuEqⁱⁱⁱ and the wider highly prospective West Musgrave Province.

Dividend

The Board has declared a dividend of 6 cents per share, equating to \$18.1 million. In line with the Company's dividend policy the Board considered the net cash generation in the first half of 2016, the potential cash generation over the remaining six months of 2016 and the Company's capital requirements in order to deliver on our growth potential.

"Prominent Hill is generating significant cash," said Mr Cole. "Our strong financial position has enabled the Board to declare a dividend of \$18.1 million to provide consistent returns to shareholders whilst maintaining a strong balance sheet for future investment."

	June 2015 \$m	June 2016 \$m	Variance
Group revenue	390.1	398.3	8.2
Underlying EBITDA	175.0	178.4	3.4
Net depreciation	(99.8)	(102.1)	(2.3)
Underlying EBIT	75.2	76.3	1.1
Net financing income	1.3	3.4	2.1
Income tax (expense)/benefit	(24.7)	(24.7)	-
Underlying NPAT	51.8	55.0	3.2
Non underlying items net of tax	-	(25.5)	(25.5)
NPAT	51.8	29.5	(22.3)
Earnings per share (cents)	17.1	9.7	(7.4)
Underlying earnings per share (cents)	17.1	18.1	1.0
Cash at bank	552.5	564.3	11.0

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ⁱ OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). This Half-year 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 class action costs. Non-IFRS measures have not been subject to audit or review. Underlying EBITDA, Underlying EBIT and Underlying NPAT are included in Note 1 Operating Segments, which form part of the Consolidated Half Year Financial Statements. Refer Note 1 Operating Segments to the Consolidated Half Year Financial Statements for further details..

ⁱⁱ This information is extracted from Cassini Resources' ASX Release entitled 'Positive Nebo-Babel Optimisation Study Results' dated 14 April 2016 and is available at www.cassiniresources.com.au/investor-relations/asx-announcements. The information in this report that relates to exploration results has not been compiled by OZ Minerals. The reported information has been derived from publicly available information arising from exploration activity reported by Cassini Resources. OZ Minerals makes no comment or representation regarding the exploration, verification and evaluation techniques adopted in respect of the historical exploration results reported in this announcement.

iii The estimation of the copper equivalent has been calculated by OZ Minerals. The formula for converting Cu and Ni Head grades into CuEq Head grade is as follows:

$$\text{CuEq} = \text{Cu} + \text{Ni} * (\text{US\$8/lb} * 71.7\%) / (\text{U\$3/lb} * 82.2\%).$$

Metal recoveries used to calculate the conversion factor are 82.2% copper and 71.7% nickel – these are taken from the Cassini scoping study dated 13 April 2015 and based upon metallurgical test work. Metal prices of US\$3/lb a copper and US\$8/lb nickel were used in the calculation. It is OZ Minerals' belief that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. Note that the CuEq is a head grade equivalent, which are recommended for reporting resources. CuEq grades have been published to enable a comparison to OZ Minerals' copper assets.



2016 Half Year Financial Results Presentation

10 AUGUST 2016



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Disclaimer

Forward looking statements

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Some statements in this presentation 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 the presentation. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, OZ Minerals does not undertake any obligation to publicly release any updates or revisions to any forward looking statements contained in this presentation, whether as a result of any change in OZ Mineral's expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

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

OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). This Half Year 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 class action costs. Non-IFRS measures have not been subject to audit or review. Underlying EBITDA, Underlying EBIT and Underlying NPAT are included in Note 1 Operating Segments, which form part of the Consolidated Half Year Financial Statements. Refer Note 1 Operating Segments to the Consolidated Half Year Financial Statements for further details.

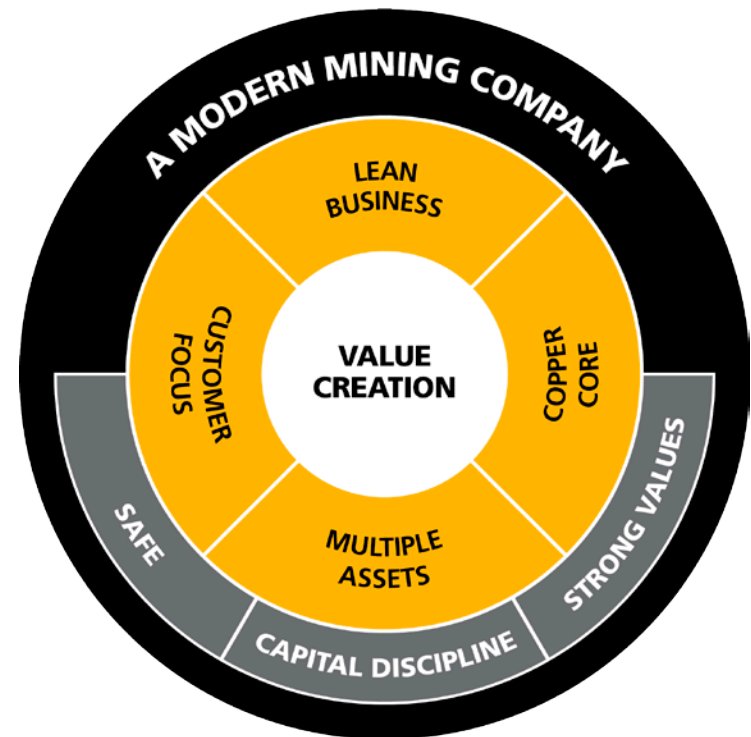
All figures are expressed in Australian dollars unless stated otherwise.

This presentation should be read in conjunction with the Half Year Financial Report released today.

2016 Highlights

Operational and financial discipline driving performance

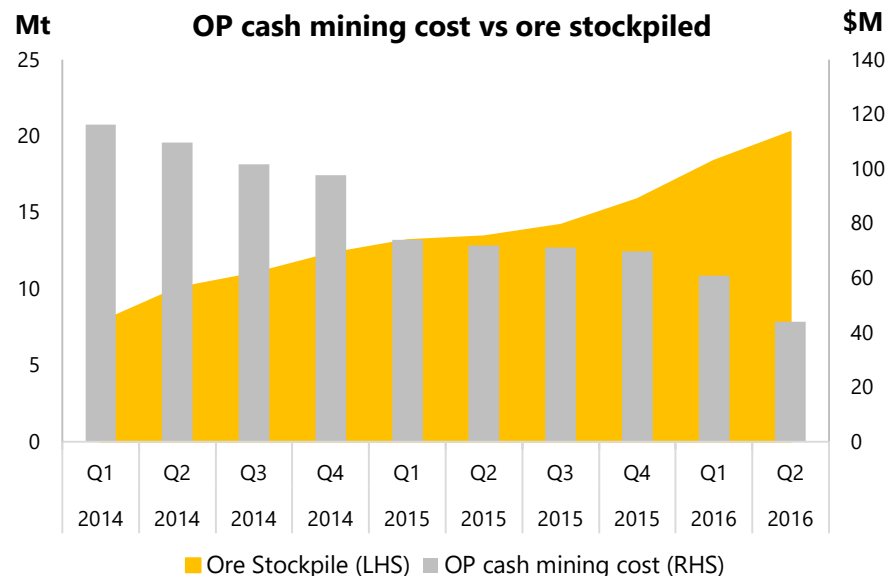
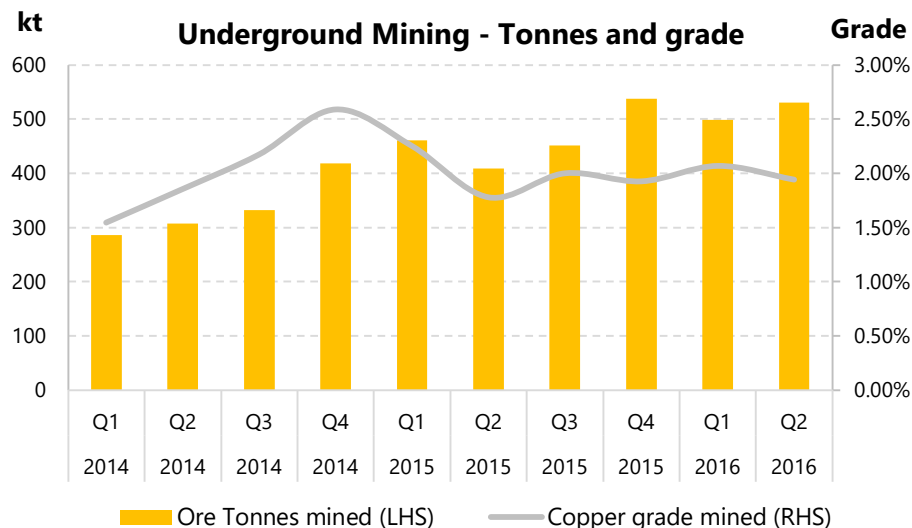
- ✓ Cash balance increased to \$564 million; investment in ore inventory to deliver significant cash flows through 2022
- ✓ Underground ore production up 18% on comparative period with costs in bottom half of unit cost curve; Prominent Hill comfortably within bottom quartile of C1 costs
- ✓ Carrapateena development underway; Pre-feasibility studies on schedule
- ✓ New innovative deals signed with Cassini Resources and Mithril Resources expanding growth options



2016 Performance

Production

- / Reduction in severity of injuries; multiple initiatives implemented with independent effectiveness review
- / H1 2016 production on track to meet guidance:
 - / Copper 58,368 tonnes; Gold 57,662 ounces
- / Bottom quartile costs – H1 2016 C1 cost of 73.8c/lb; All-in sustaining cost of US 120c/lb
- / Prominent Hill second decline on schedule; delineation drilling returned strong results
- / Underground benchmarking demonstrated strong improvements relative to comparative underground operators:
 - / Bottom half of unit cost curve
 - / Jumbo drill metres near best in class
 - / Productivity in middle of peer group
 - / Further opportunities in jumbo availability, ground support costs, loader availability and loader productivity
- / Accelerated OP mine plan will see significant cash generation 2019 – 2022 as ROM stock value realised

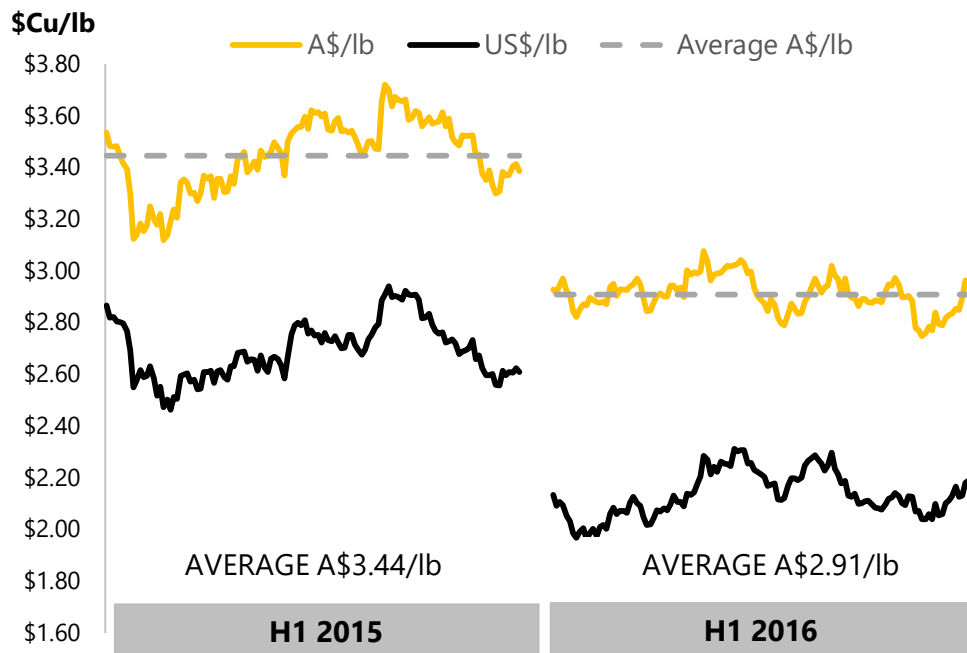


2016 Performance

Financial

- Strong financial performance for H1 2016:
 - Revenue of \$398 million
 - Underlying EBITDA of \$178 million
 - Underlying NPAT of \$55 million
 - Underlying EPS of 18c
- Average A\$ copper price has fallen 15% versus comparative period
- Cash balance of \$564 million at 30 June with undrawn debt facility available
- Head office costs reduced by 20% versus comparative period to \$12 million
- Annualised procurement cost savings of \$25 million delivered
- Revised A\$ cash holding strategy reduced exposure to FX fluctuation on cash balance
- Gold hedging of stockpiles implemented; Full exposure until Q3 2018
- Interim dividend of 6 cents per share (unfranked)

STRONG PERFORMANCE DESPITE FALLING A\$ Cu PRICE



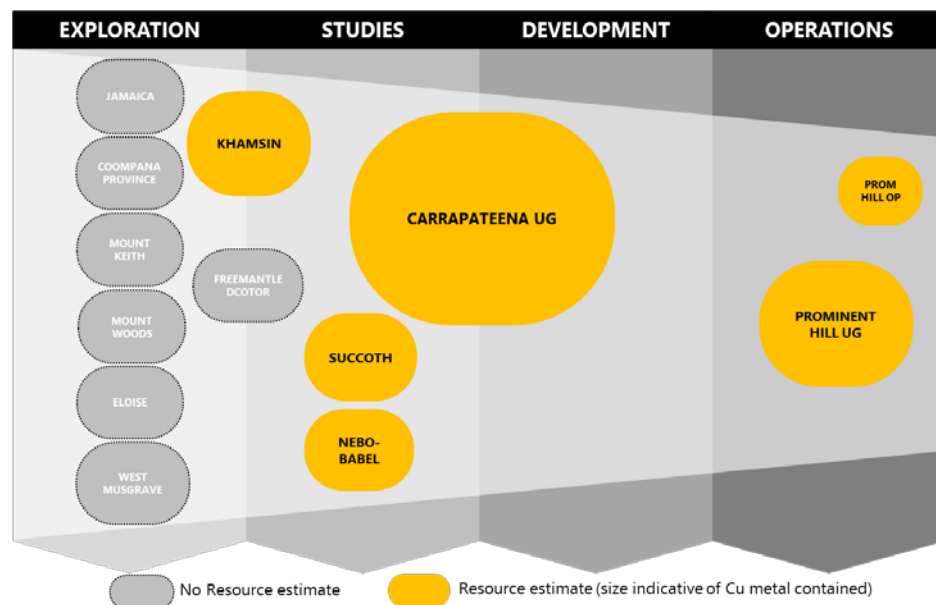
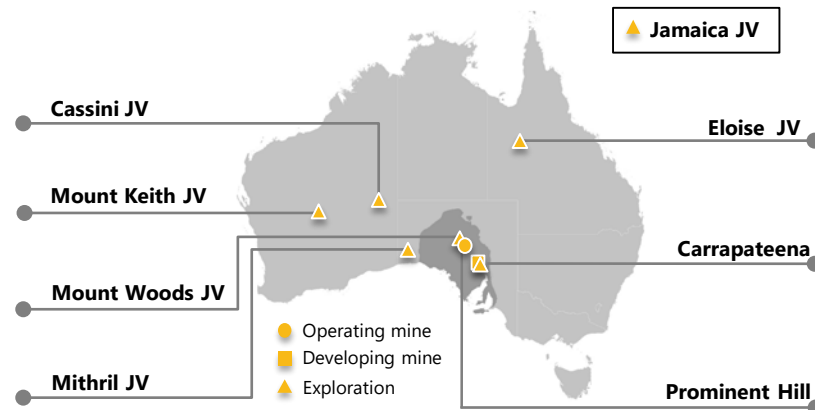
Source: Bloomberg

2016 Performance

Growth

- / Carrapateena project scope 4.0 Mtpa; decline contract awarded to PYBAR with box cut works underway
- / Whyalla CTP and distribution hub under consideration for Carrapateena, Prominent Hill and third party concentrates
- / Heads of Agreement signed with Cassini Resources with potential to earn up to 70% of the West Musgrave Project
- / Exploration of South Australia's far western Coompana Province with Mithril Resources
- / Three joint exploration ventures with Minotaur and Toro Energy Ltd progressing well
- / Jamaica drill program continues with clear decision points and milestone
- / Exploration expenditure to remain within \$10 - \$15 million guidance range for 2016

EXPANDING GROWTH FOOTPRINT



Income Statement

A\$M	Jun-15	Jun-16
Revenue	390	398
Cost of goods sold	(176)	(186)
Net foreign exchange gain	14	1
Exploration expense (incl. Carrapateena)	(19)	(20)
Restructuring expense	(8)	-
Head office costs	(15)	(12)
Other net expenses	(11)	(3)
Underlying EBITDA	175	178
Net Depreciation	(100)	(102)
Underlying EBIT	75	76
Tax, net interest and dividends	(23)	(21)
Underlying NPAT	52	55

Lower metal sales and copper price partially offset by higher gold price; 2015 included capitalisation of Malu UG revenue

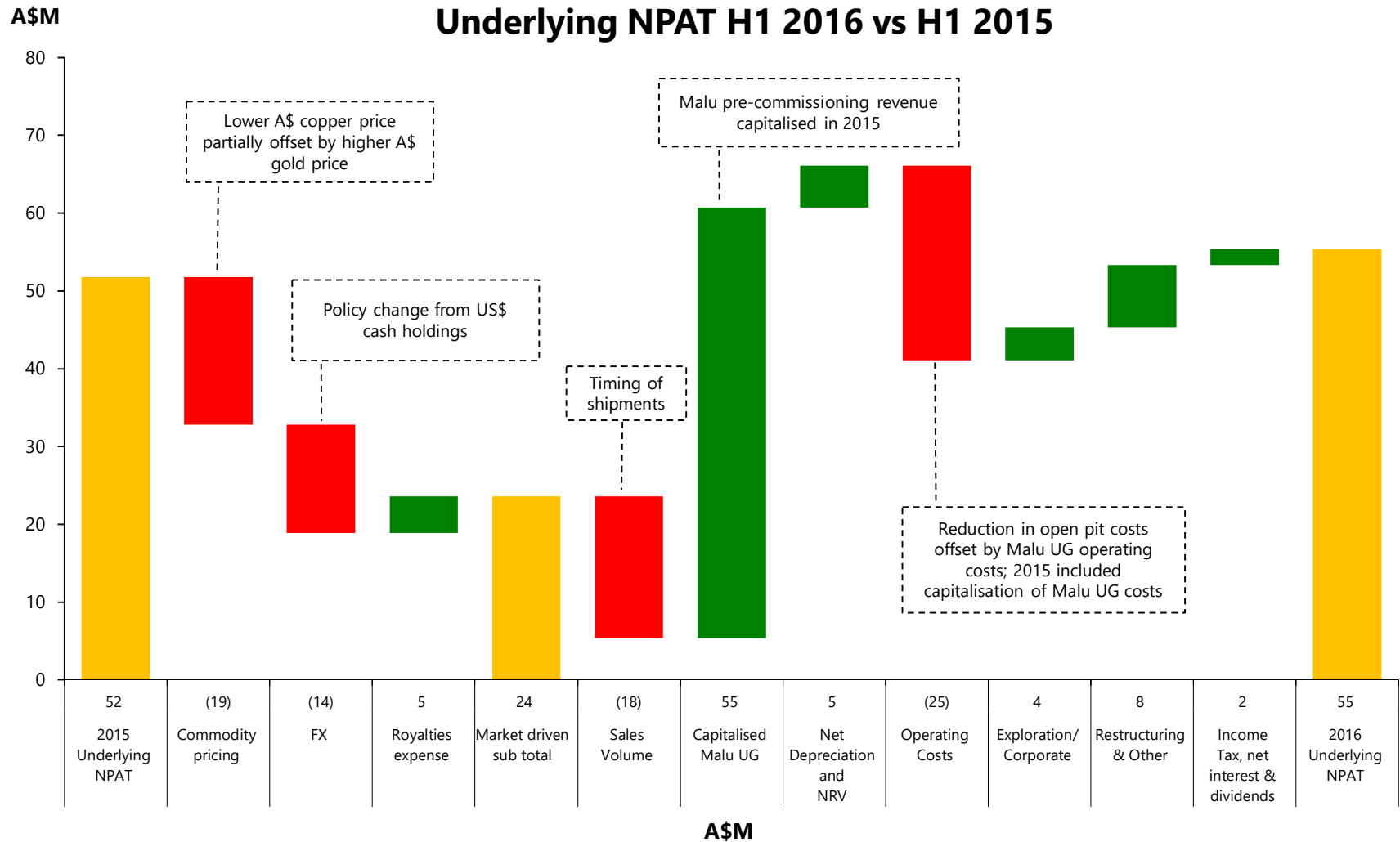
Reduction in open pit costs offset by Malu UG operating costs; 2015 included capitalisation of Malu UG costs

Carrapateena studies and other exploration

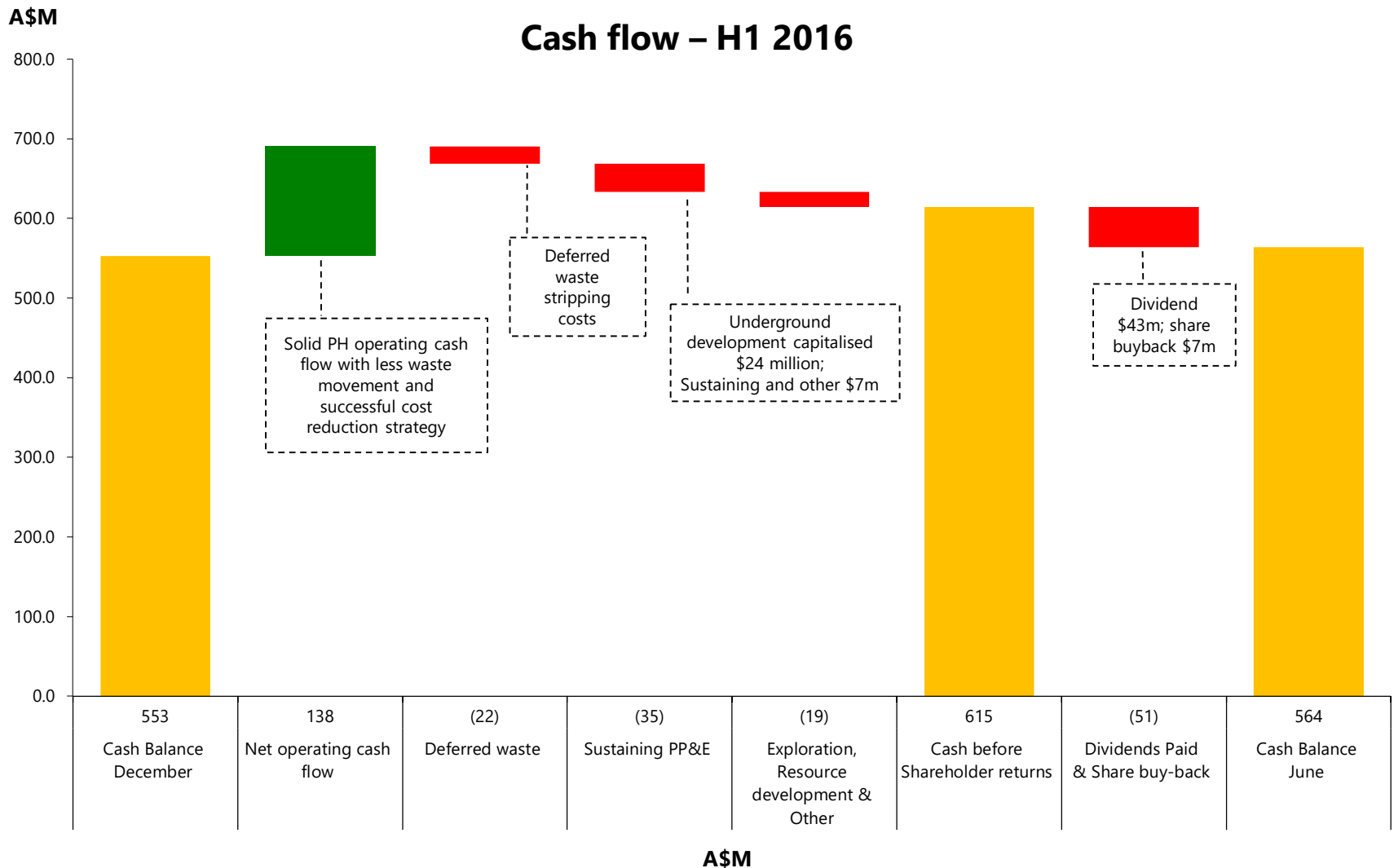
Lower head office costs

Includes Government contribution for Hydromet

Underlying NPAT



Cash Flow



Balance Sheet

A\$M	Consolidated Dec-15	Consolidated Jun-16
Assets		
Cash	553	564
Receivables	99	112
Inventories	330	466
Investments/ exploration assets & other	288	279
Property plant & equipment	1,297	1,162
Total Assets	2,567	2,583
Liabilities		
Creditors	65	93
Net deferred tax liability	103	108
Provisions	55	56
Derivative Financial Instruments	-	29
Total Liabilities	223	286
Net Assets	2,344	2,297

High PH operating cashflows partially offset by payment of dividend and share buyback

Sustained investment in open pit ore inventory held at lower of cost or NRV

Reduction in PP&E as a result of higher volume of ore mined during the half year

Provision for class action settlement costs

Mark to market of gold hedging contracts

- / Balance sheet characterised by significant liquidity and no debt
- / Substantial value stored in growing ore inventories
- / Current tax provision of \$29 million included in net tax liability

Finance

Dividend declared

Interim dividend declared

- / Interim dividend declared of 6 cents per share totaling \$18.1 million
 - / Record date 9 September
 - / Payment date 23 September
- / Consistent policy of paying a minimum 20% of net cash generated not required for investing or balance sheet activity
- / Net cash generation over full year considered in interim dividend determination
- / Growth potential can be delivered through balance sheet liquidity and strong expected cash flows

Policy changes and updates

- / Carrapateena expenditure to be capitalised from H2 2016
- / Cash tax payments to commence in H1 2017; franking credits available in 2017
- / Strategy to lock in copper price at time of sale to commence H2 2016
- / Class action settlement of \$24 million expensed H1 2016 and paid in July; associated defence costs of \$12.4 million incurred in 2016 with c. \$8 million paid H1 2016
- / Share buyback program to re-commence following blackout restrictions

Cassini Resources JV

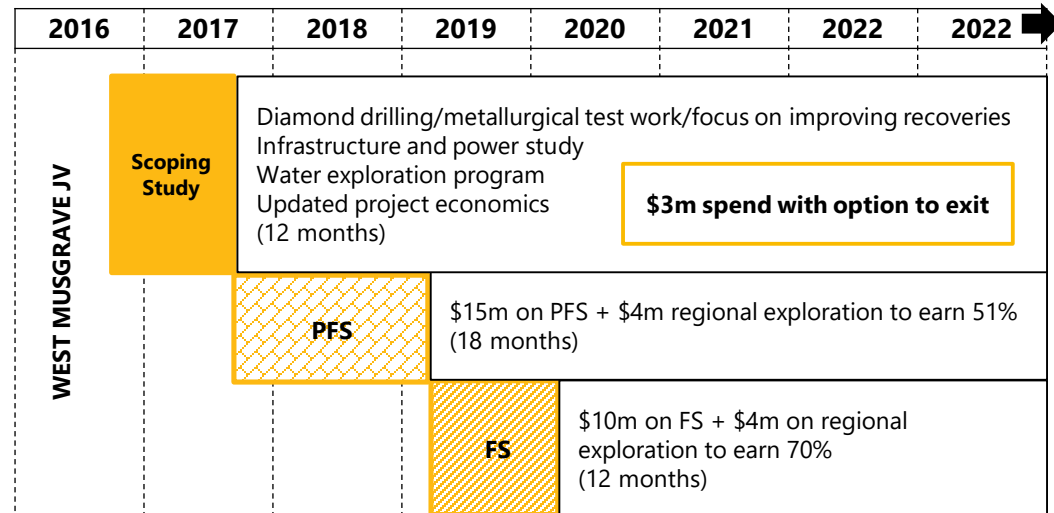
West Musgrave Project



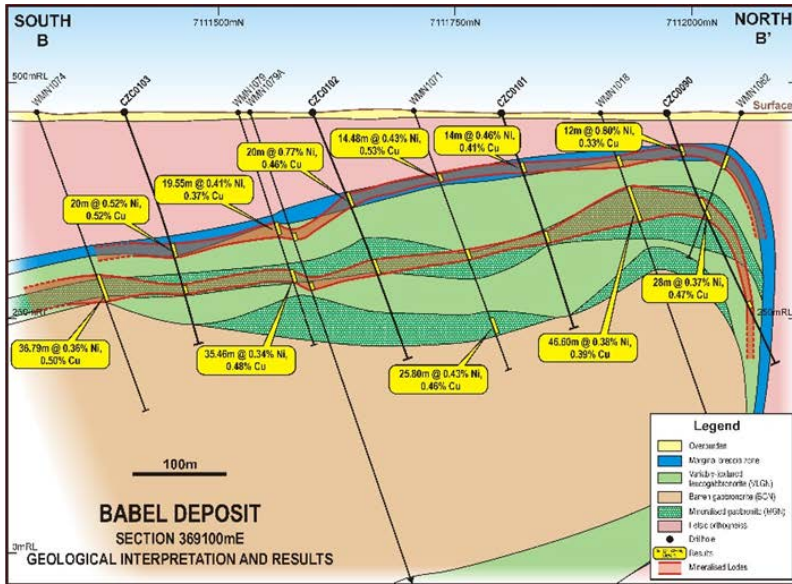
STAGED LOW RISK EARN IN

- Strategic deal giving access to an established project and significant portion of a new mining province
- Leveraging significant historical investment
- Initial commitment of \$3 million for detailed scoping study to identify optimised pathway to commercialisation including opportunities for shared regional infrastructure
- Limited outlay within full year exploration guidance provides option on significant Resource

TIMELINE



West Musgrave JV¹ – Nebo Babel



LARGE RESOURCE

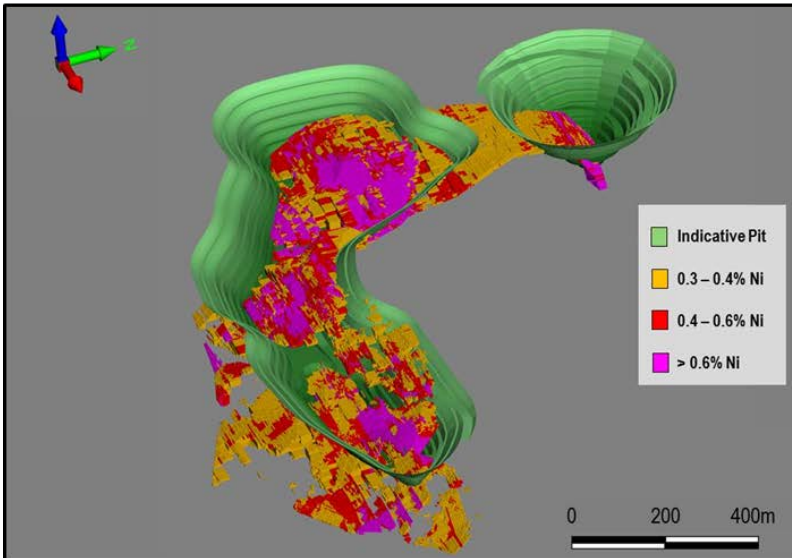
Prospect	Classification	Tonnes (Mt)	Ni %	Cu %	CuEq% ²	NiEq% ²
Nebo	Indicated	25.8	0.52	0.46	1.67	0.72
	Inferred	3.0	0.60	0.48	1.88	0.81
	Total (Ind + Inf)	28.9	0.53	0.46	1.70	0.73
Babel	Indicated	69.7	0.39	0.42	1.33	0.57
	Inferred	104.5	0.38	0.40	1.29	0.55
	Total (Ind + Inf)	174.2	0.39	0.41	1.32	0.57
Combined Nebo & Babel	Indicated	95.5	0.43	0.43	1.42	0.61
	Inferred	107.5	0.39	0.40	1.30	0.56
	Total	203.1	0.41	0.42	1.38	0.59

FAVOURABLE OPEN MINING GEOMETRY

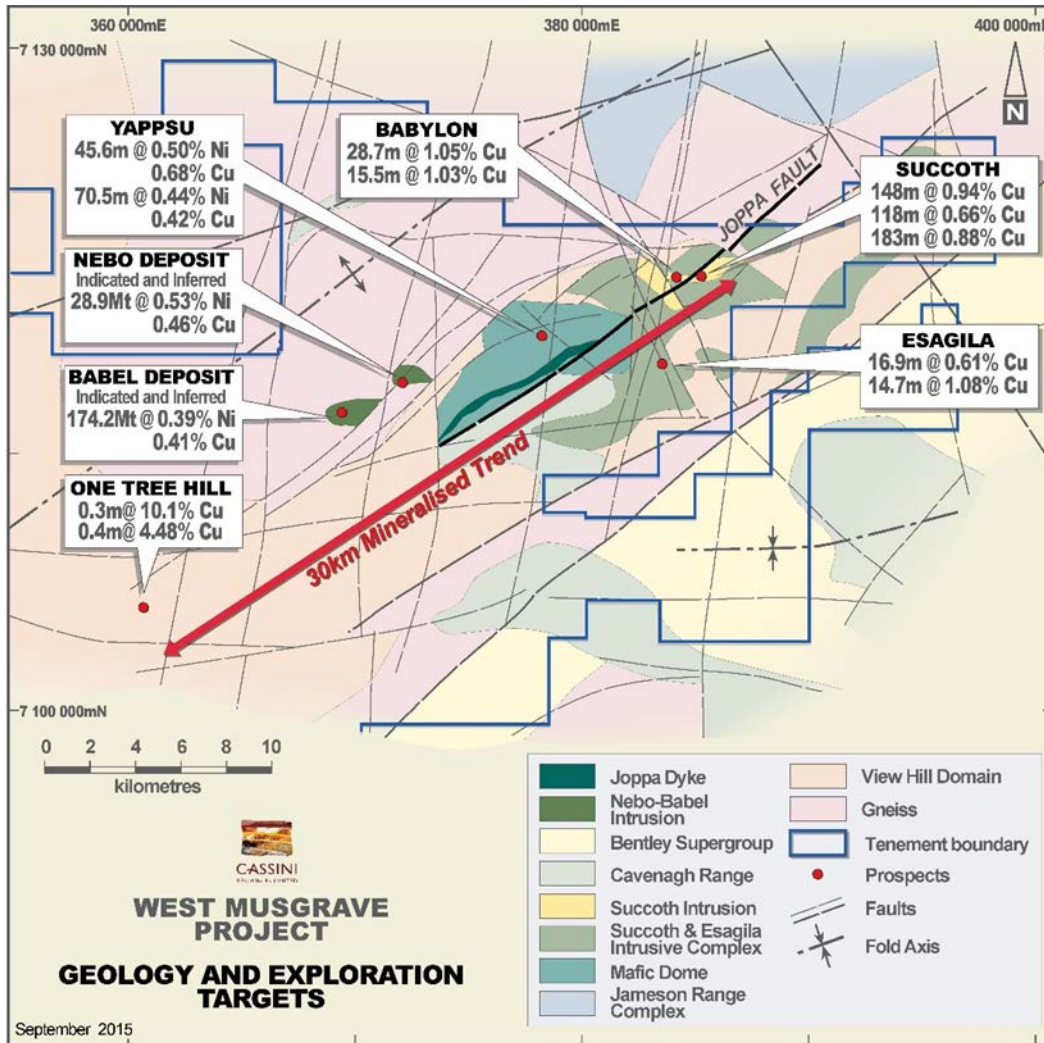
- Shallow depth to mineralisation (50m)
- Flat ore deposit, low strip ratios (<3:1)
- Higher Ni-Cu grades at top of ore body

¹ The information regarding the West Musgrave Project is extracted from Cassini Resources' ASX Release entitled 'Nebo-Babel Scoping Study dated 13 April 2015 and 'Positive Nebo-Babel Optimisation Study Results' dated 14 April 2016 and are available at www.cassiniresources.com.au/investor-relations/asx-announcements. The information in this report that relates to exploration results has not been compiled by OZ Minerals. The reported information has been derived from publically available information arising from exploration activity reported by Cassini Resources. OZ Minerals makes no comment or representation regarding the exploration, verification and evaluation techniques adopted in respect of the historical exploration results reported in this announcement.

² The estimations of copper and nickel equivalences have been calculated by OZ Minerals. The formulae for converting Cu and Ni Head grades into CuEq and NiEq Head grades are as follows:
 $NiEq = Ni + Cu * (US\$3/lb * 82.2\%) / (US\$8/lb * 71.7\%)$ and $CuEq = Cu + Ni * (US\$8/lb * 71.7\%) / (US\$3/lb * 82.2\%)$.
 Metal recoveries used to calculate the conversion factor are 82.2% copper and 71.7% nickel - these are taken from the Cassini scoping study dated 13th April 2015 and based upon metallurgical test work. Metal prices of US\$3/lb copper and US\$8/lb nickel were used in the calculation. It is OZ Minerals' belief that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. Note that the both the CuEq and NiEq are head grade equivalents, which are recommended for reporting resources. CuEq grades have been published to enable a comparison to OZ Minerals' copper assets.



West Musgrave JV³ – Regional Exploration



HIGHLY PROSPECTIVE MINERAL CAMP

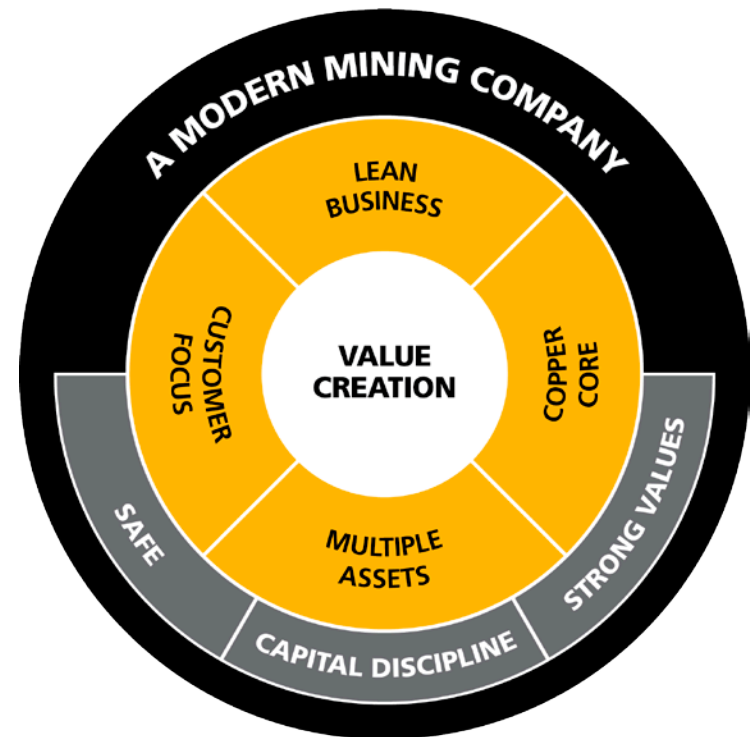
- Extensive regional database
- Numerous prospects with identified Ni-Cu-PGE mineralisation
- Major copper deposit identified and drill tested
- Succoth maiden inferred resource of 156Mt @ 0.6% copper
- Open along strike and at depth
- Untested nickel potential

³ The information regarding the West Musgrave Project is extracted from Cassini Resources' ASX Release entitled 'Nebo-Babel Scoping Study' dated 13 April 2015 and 'Positive Nebo-Babel Optimisation Study Results' dated 14 April 2016 and are available at www.cassiniresources.com.au/investor-relations/asx-announcements. The information in this report that relates to exploration results has not been compiled by OZ Minerals. The reported information has been derived from publicly available information arising from exploration activity reported by Cassini Resources. OZ Minerals makes no comment or representation regarding the exploration, verification and evaluation techniques adopted in respect of the historical exploration results reported in this announcement.

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- ✓ Carrapateena development underway; Pre-feasibility studies on schedule
- ✓ New innovative deals signed with Cassini Resources and Mithril Resources expanding growth options



Guidance

Guidance	2016	2017	2018	2019
PROMINENT HILL:				
Copper production ⁴	115,000 to 125,000 tonnes	105,000 to 115,000 tonnes	85,000 to 95,000 tonnes	65,000 to 75,000 tonnes
Gold production ⁵	125,000 to 135,000 ounces	125,000 to 135,000 ounces	140,000 to 150,000 ounces	150,000 to 160,000 ounces
Open pit total movement	30Mt to 35Mt	15Mt to 20Mt	< 5Mt	
Open pit strip ratio	Circa 1.0 times	Circa 0.5 times	Circa 0.25 times	
Open pit unit mining costs*	\$6.40 - \$6.60/tonne			
Underground ore movement	2.0 - 2.2Mt			
Underground unit mining costs*	\$45 to \$55/tonne			
Underground capital expenditure	\$65M - \$75M (inc development)			
Site sustaining capital expenditure	\$15 to \$20 million			
C1 costs (OP & UG)	US 70c - US 80c/lb			
OTHER:				
Exploration	\$10 - \$15 million			

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

4, 5 These production targets were first set out in the market release 'Record production sets scene for dividends and growth' released to the ASX on 10 February 2016 and is available at http://www.ozminerals.com/uploads/media/160801_West_Musgrave.pdf. OZ Minerals confirms that all material assumptions underpinning the production targets in that release continue to apply and have not materially changed. As previously disclosed, the production targets are underpinned by 5% inferred mineral resources. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production targets themselves will be realised.

These production targets must be read in conjunction with the production cautionary statement on slide 3