

First Quarter Report 2016

FOR THE THREE MONTHS ENDING 31 MARCH 2016

OZ Minerals Contained Metal Production	FY 2016 Guidance	March Q1 2016
Total Copper (Tonnes)	115,000 - 125,000	31,018
Total Gold (Ounces)	125,000 - 135,000	27,563
C1 Cash Costs (US cents/lb)	70 - 80	75.3

Strong start to the year - Guidance on track for 2016

- Strong operational start to 2016 following a record 2015 year of production
- Injury severity reduced by more than 20 per cent versus prior quarter; March quarter TRIFR 5.77
- Copper production of 31,018 tonnes on track to achieve guidance
- C1 cost of US 75.3 c/lb within guidance range
- Open pit unit mining cost (inc. geology) A\$5.83/t
- First phase of drilling at Prominent Hill successful in testing mineralisation outside of current Reserve
- A\$533 million in cash (unaudited) following \$43 million dividend; early April shipment valued at c. A\$40 million
- Carrapateena dilution studies confirm modelled assumptions; PFS scope to be finalised in May
- Compelling copper target drilling accelerated at Eloise project
- Cost saving program on track to save \$20 million over the next 12 months
- Over \$25 million in further cost saving opportunities in the pipeline

"Prominent Hill has delivered a strong start to the year" said Andrew Cole, Managing Director and CEO. "These results give us confidence that we will meet or exceed guidance for 2016."

"The demobilisation of an excavator and associated equipment from the open pit was completed as planned in March, which will see cash costs further reduce through 2016. Additionally, the strip ratio was at 1.3:1 for the quarter and will continue to decline.

"Development in the underground continued with the second decline six per cent ahead of schedule. Whilst ore production was down in the first quarter due to sequencing constraints, we expect this to increase through the remainder of 2016. This bodes well for Prominent Hill's evolution into an underground-only operation," said Mr Cole.

Shipments of Prominent Hill concentrate totalled 23,260 tonnes of copper, 23,027 ounces of gold and 156,579 ounces of silver for the quarter. Higher working capital at the end of the quarter was subsequently reduced in the first week of April with c. 10,000 dmt of concentrate shipped, valued at approximately A\$40 million.

"We also made significant progress on our Carrapateena project, cost reduction program and Prominent Hill infill drilling. The accelerated exploration at the Eloise project following the definition of two compelling exploration targets also provides another avenue for growth" said Mr Cole.

As previously announced, a standout sub-level cave project was identified as a result of the Carrapateena scoping study that demonstrated the potential to return an IRR of well over 20 per cent. A further announcement providing more detail on the project's final scope for progression to PFS will be made in late May 2016.



Andrew Cole, Managing Director and CEO

SAFETY

OZ Minerals' total recordable injury frequency rate per million hours worked was 5.77 at the end of March 2016, a nine per cent increase on the prior quarter (5.30). An increase in self-reported musculoskeletal injuries was the main cause of rising restricted work injuries, however, the severity of the injuries at Prominent Hill has decreased by more than 20 per cent versus the prior quarter.

Prominent Hill management continues to focus on developing the maturity of the site safety culture through improved accountability, engagement, systems and knowledge. Recent activity has focused on the deployment of newly identified lifesaving behaviours and critical risk management practices, including targeted bowtie analyses performed with stakeholder groups across the site. The completion of thorough and timely investigations has continuously improved with all significant incidents investigated during the quarter.

PROMINENT HILL OPERATIONS

Overview

Prominent Hill delivered another strong result with ore hauled from the open pit increasing by 14 per cent over the prior quarter.

Copper production of 31,018 tonnes for the quarter was in-line with guidance.

Gold production of 27,563 ounces was lower than the prior quarter as a result of priority given to copper ore, lower total tonnes milled due to the planned plant shutdown, ore stream contamination (steel mesh) causing crusher down time and reduced gold grade in the mill feed. A number of heavy rainfall events occurred through March impacting production due to storm and lightning safety concerns, however, production losses were mitigated by improvements in open pit fleet effectiveness and excavator run time.

The solid performance of the open pit was driven by the re-establishment of large productive benches after the demobilisation of the second excavator and associated truck fleet in March; the benefits of which are expected to flow through for the remainder of 2016.

Underground operations continued to progress well, with development of the second decline six per cent ahead of schedule and ore production expected to increase through the year as per the mine plan.

The first phase of delineation drilling at Prominent Hill was successfully completed during the quarter to test both the Mineral Resource and optimise the positioning of future mine development and ventilation infrastructure. Strong results were achieved, with the highlight being an intercept of 68.5m @ 3.2 percent copper, including 23.6m @ 5.6 percent copper located outside the existing Mineral Resourceⁱ.

For operating and cost statistics please refer to Tables 1 and 2 on pages 8 and 9 of this report.

Mining

Open Pit

Ore mined in the quarter was 4.5Mt, consisting of 3.9Mt of copper-gold ore and 0.6Mt of gold only ore.

Waste material movement in the quarter was 5.9Mt, significantly below the prior quarter of 8.5Mt due to the reducing strip ratio as per the mine plan. The strip ratio was 1.3:1, declining from 2.1:1 in the prior quarter.

The successful transition to a reduced fleet was completed in March, with immediate productivity improvements realised (from 3,499 tonnes per hour in February to 4,077 tonnes per hour in March). Maintaining large productive work areas for the one excavator will continue to be a focus for Prominent Hill.

Initiatives in maintenance planning such as increased wear monitoring to extend component life and reduce bucket repairs have continued through the quarter with planned and unplanned maintenance events decreasing, resulting in increased excavator utilisation.

Open pit stability de-risking initiatives progressed with successful completion of the horizontal depressurisation hole drilling in the south wall. A total of 23 effective holes were drilled for a total of 9,738 metres. The current water recovery from the pit de-risking program is 12.5 ML/week, which includes the depressurisation holes, air wells and in-pit sumps. Prior to the pit de-risking program, water recovery was 3.5 ML/week (pre-April 2015).

Underground Operations

Underground operations delivered high grade copper ore of 498kt at 2.07 per cent copper, in-line with the mining schedule for the quarter. Geotechnical and mining sequence restrictions, combined with minor oversize encountered in stopes during March, affected the ore tonnes mined. Annual ore production remains on track to meet guidance. The annualised haulage rate inclusive of waste for the quarter was in the same range as the prior quarter at 2.8Mtpa-2.9Mtpa. Tonne kilometres quarter on quarter were also consistent at 4.1 million. Overall copper metal mined was in-line with the prior quarter.

Development of the second decline has commenced and is six per cent ahead of schedule. The quarter saw an increased focus on larger profile decline and access development versus the prior quarter, contributing to the larger proportion of waste hauled. Backfilling of mined voids ramped up with the improved performance of the CHF plant. This, combined with continued strong performance of the paste plant, resulted in record fill volumes placed during the quarter. With the filling rates approaching design criteria, the underground mine can continue to ramp-up production in line with the development schedule.

A third production drilling rig was deployed to site in preparation for increased drilling requirements as the mine increases output.

Processing

There were 2.5Mt of ore milled for the quarter, which was lower than the prior quarter due to the planned shutdown for the SAG mill reline in January and a number of ground support feed contamination issues from the underground ore. A remediation plan has been implemented to reduce ground support mesh from entering the ore stream. The shutdown was successfully completed as scheduled without injury.

Plant recoveries remained high at 88 per cent for copper and 73 per cent for gold. Copper content in concentrate produced was higher than the prior quarter at 51 per cent.

Water recovery from the tails storage facility continues to be successful, with reclamation expected to be in-line with the significant improvement demonstrated in 2015.

Costs

C1 cash costs of production for the quarter were US\$75.3c/lb, within the full year guidance range of US\$70-80c/lb.

The increase over the prior quarter was a result of lower gold by-product credits, less copper production and higher unit mining costs due lower volumes mined. Prominent Hill remains a bottom quartile cost producer.

Open pit mining unit costs were A\$5.83/t mined in the quarter and these are expected to rise in-line with guidance due to reducing mined volume and increased depth.

An excavator, truck fleet of 14 and associated auxiliary equipment were demobilised in March with open pit mining cash costs reducing by 13 per cent versus the prior quarter. Absolute cash costs will reduce as a result of less volume to be moved and realisation of benefits from the cost reduction program.

Underground operating costs of \$60 /t mined were higher than the prior quarter, driven largely by reduced ore tonnes mined and the 30 per cent increase in fill placed, with increased grade control activities completed in the quarter. Due to mining sequencing there was also less development waste placed in underground voids than the prior quarter, however this will increase as stopes become available with a subsequent reduction in costs.

The planned mill reline and processing plant shutdown resulted in higher costs in comparison with the prior quarter. These occur approximately every 17 weeks for a period of 4-5 days at a time.

In late 2015, OZ Minerals commenced a program across the business to drive down costs by working with its contract partners to reach more competitive pricing regimes and seek further internal efficiencies. This program has already achieved \$20 million in annualised savings to be realised during the next 12 months, with a further \$25 million of opportunities in the pipeline.

Consistent with the planned acceleration of mining in the open pit, the increase in ore stockpiled continues to result in significant cash and non-cash adjustments. The higher depreciation charge is primarily the result of increased ore tonnes mined in the open pit.

Sales and Marketing

Shipments of Prominent Hill concentrates for the quarter totalled 48,530 dry metric tonnes, containing 23,260 tonnes copper, 23,027 ounces of gold and 156,579 ounces of silver. Sales of approximately 10,000 dry metric tonnes of concentrate were completed in the first week of April. The timing of this shipment resulted in higher inventory at the end of March.

CARRAPATEENA PROJECT

In February, OZ Minerals announced the results of a scoping studyⁱⁱ into the mining and processing of high grade ore from Carrapateena. The scoping study defined a 2.8Mtpa mine using sub-level caving for progression to a Prefeasibility Study utilising the extensive work already completed. A project cost of A\$770 million has been estimated, including all hydromet, decline and study costs.

The financial metrics of the announcement are robust, with an NPV_{9.5} of over A\$600 million, IRR well over 20 per cent with average annual cash flows of A\$150 million (at consensus pricing) over a 21 year mine life. The scoping study also highlighted potential for the project to increase in size to a maximum of 4.8Mtpa through cut-off grade optimisation and the addition of an alternate ore handling system.

A number of milestones were achieved during the quarter:

- Completion of the dilution study examining the potential impact of fissile shale material from the cover sequence. The study concluded that finely fragmented shale is not a material risk to dilution of the ore stream and the previously modelled dilution rates are appropriate. This mitigates the most significant technical risk flagged as part of the scoping study.
- A small drilling program has commenced, with the aim of upgrading some of the resource to Measured status, as well as gathering additional samples for metallurgical test work. The first hole has reached the target high grade bornite zone as expected and confirmed the robustness of the resource model in this location.
- Alternate ore handling system studies are progressing well with an update to be available in May 2016.

An optimised scope of work for the Prefeasibility Study is expected to be completed and released to the market in late May and will define the target project scale and scope.

Unaudited exploration expenditure for Q1 relating to the Carrapateena project was \$2.6 million.

GLOBAL EXPLORATION

Australian Exploration

During the quarter OZ Minerals advanced two exploration JVs that commenced in 2015:

- The Mt Woods JV progressed with data analysis and finalisation of a work program which is expected to commence in Q2 2016. The focus of the program will be the identification of IOCG style mineralisation within trucking distance of the Prominent Hill mine. A further announcement on the targets identified and planned program will be made in early Q2.
- The Eloise JV will fast track the drilling program on the Artemis and Olympus prospects following identification of two highly prospective copper targets on the eastern side of the Mt Isa inlier. A ground gravity program is underway over both targets to assist final design of an accelerated drill program;
 - Bullwinkle: IP anomaly potentially represents extensions of Artemis and Sandy Creek polymetallic mineralisation where previous drilling intersected up to 3 per cent copper in multiple drill holes
 - Olympus: IP anomaly coincident with a surface gossanous zone which returned elevated copper-gold assays (rock chips of 2.7 per cent to 7 per cent Cu and up to 0.8 g/t Au coincident with a large IP anomaly)ⁱⁱⁱ

No activity was undertaken on the Yandal One JV with Toro Energy as the company waits for the agreement condition precedents to be satisfied.

Jamaica: Bellas Gate (70 per cent, Potential earn-in to 80 per cent)

OZ Minerals completed the expenditure requirements to earn 70 per cent of the project during the quarter. The company has completed 40 diamond drill holes for 11,028 metres, mapped and sampled over 20 prospects and completed an airborne geophysical survey.

Preparation for the Q2 drilling and geophysical program was undertaken which included widespread community engagement, drill pad construction and IP line clearing. The top priorities for drill testing in Q2 are:

- Provost - field mapping has identified a quartz stock work zone that is approximately 450 metres wide and more than 500 metres long. This stockwork zone has anomalous copper in soil, associated with porphyritic volcanic rocks which are intruded by monzonite dykes.
- Provost SE - a zone of anomalous copper and gold in soils approximately 150m wide x 500m long, trending to the northwest. Reconnaissance mapping over the anomaly has located a halo of epidote alteration zoning into a network of sericite alteration with intense hematite-jarosite-pyrite veining.

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

Field mapping and sampling continued during the quarter with a focus on delineating the outcropping porphyry style copper mineralisation. Drilling to be undertaken in Q2 will focus on:

- Sue River - field mapping has identified copper mineralisation hosted in a quartz monzodiorite intrusion. Copper mineralisation occurs as fine disseminated chalcopyrite and is possibly controlled by NNW trending structures.
- Jobs Hill - a 40-60m wide NE-SW trending structural zone consisting of fragmented-brecciated volcanics was mapped in the area. Occurrence of copper oxides, mainly malachite and azurite, are abundant in this zone.

Unaudited exploration expenditure for Q1 was \$1.4 million which relates to payments for Chile, Jamaica and Australian exploration activities.

CORPORATE

As part of the ongoing strategy to establish a lean business model, a simplified corporate governance structure and policies were implemented during the quarter. This initiative has been prioritised to simplify the way employees work, improving the collaboration between individuals and teams, to reduce complexity and cost and ensure OZ Minerals is ready for a future that will include multiple assets working together in a devolved model.

As initiatives continued to lower costs during the quarter, a 2016 salary freeze was enacted for the Board, executive team and all employees.

Separately, the OZ Minerals Board announced the appointment of Non-executive Director, Julie Beeby, on 19 April 2016. Dr Beeby has more than 25 years' experience in the resources sector, specifically in the minerals and petroleum industries. A retirement from the Board is expected in the coming months, which will leave the size of the OZ Minerals Board unchanged.

The standby credit facility of US\$200m has been renegotiated to a three year committed facility of \$A100m with an uncommitted accordion provision for an additional \$A300m. This provision allows OZ Minerals to request an additional A\$300 million to fund investment opportunities as required, with lower commitment fees saving \$2.1million a year.

Corporate Information

Webcast

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

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

Issued Share Capital at 20 April 2016

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

High \$5.45
Low \$3.45
Last \$5.58 (20 April 2016)
Average Daily Volume 3.6 Million Shares

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OZ Minerals Prominent Hill Production and Costs

Table 1: Operating Statistics

		Q4 2015	Q1 2016
MINED (TONNES)	MALU OP COPPER-GOLD ORE	3,104,223	3,876,362
	MALU OP GOLD-ONLY ORE	842,817	634,576
	UNDERGROUND TOTAL ORE	537,818	498,470
	WASTE	8,485,188	5,914,866
MINED GRADE - SOURCE			
MALU OP - COPPER-GOLD ORE	COPPER (%)	1.11	1.12
	GOLD (G/T)	0.43	0.46
MALU OP - GOLD-ONLY ORE	COPPER (%)	0.11	0.11
	GOLD (G/T)	1.14	1.08
UNDERGROUND - TOTAL ORE	COPPER (%)	1.93	2.07
	GOLD (G/T)	0.60	0.41
ORE MILLED	(TONNES)	2,770,183	2,534,402
MILLED GRADE	COPPER (%)	1.34	1.40
	GOLD (G/T)	0.50	0.46
	SILVER (G/T)	3.24	3.63
RECOVERY	COPPER (%)	87.8	87.7
	GOLD (%)	71.1	73.4
	SILVER (%)	72.7	71.3
COPPER CONCENTRATE PRODUCED	TONNES	66,568	60,936
CONCENTRATE GRADE	COPPER (%)	49.0	50.9
	GOLD (G/T)	14.7	14.1
	SILVER (G/T)	98.1	107.7
CONTAINED METAL IN	COPPER (TONNES)	32,636	31,018
CONCENTRATES PRODUCED	GOLD (OZ)	31,547	27,563
	SILVER (OZ)	209,968	210,975
TOTAL CONCENTRATE SOLD	(DM TONNES)	73,369	48,530

Table 2: Operating Costs ('C1 Costs')

US Cents per pound	Q4 2015	Q1 2016
Mining costs	97.5	98.3
Deferred mining	(31.9)	(20.2)
Ore inventory adjustment	(13.4)	(23.4)
Total Mining costs	52.2	54.7
Site processing costs	18.6	22.9
TC/RC and transport	43.1	41.7
Net By - Product credit	(52.8)	(51.0)
Other direct cash costs	6.1	7.0
Total C1 costs	67.2	75.3
Royalties	12.6	11.7
Other indirect costs	3.7	3.7
Total cash costs	83.5	90.7
D&A	92.6	104.4
Other non-cash costs	(29.8)	(44.1)
Net realisable value adj. - low grade gold ore**	(7.7)	0.0
Total production costs	138.6	151.1

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

Appendix 1

GUIDANCE	2016	2017	2018	2019
PROMINENT HILL:				
COPPER PRODUCTION*	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*	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

* Production Targets Cautionary Statement

Production targets are based on^{iv}:

Classification	2016-2019 Total
Total Reserve	90%
Proved	40%
Probable	50%
Mine Plan Outside Of Reserve	10%
Measured	1%
Indicated	1%
Inferred	5%
Unclassified	3%

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 conversion of the mineral resources into ore reserves or that the production targets will be realised.

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

Further information on Prominent Hill Mineral Resources and Ore Reserves is available in the Annual Resource and Reserve Update for Prominent Hill released to the ASX on 4 November 2015 which is available on the OZ Minerals website www.ozminerals.com/uploads/media/151104_ASX_Release_Prominent_Hill_Mineral_Resources_and_Reserves_Statement. OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in that market announcement and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. OZ Minerals confirms that the form and context in which the findings of the Competent Person (Colin Lollo in relation to the Mineral Resource estimates and Justin Taylor in relation to the Ore Reserve estimates) are presented have not been materially modified from the original market announcement.

ⁱ Full summary of information relating to mineralisation in recent delineation drilling at Prominent Hill is set out in the market release 'Prominent Hill drilling off to a flying start' created on 21 March 2016 and is available at http://www.ozminerals.com/uploads/media/160321_Prominent_Hill_drilling_off_to_a_flying_start.pdf

ⁱⁱ Full summary of information relating to Carrapateena scoping study is set out in the market release 'Carrapateena: a clear and compelling path to value creation' created on 26 February 2016 and is available at http://www.ozminerals.com/uploads/media/ASX_Carrapateena_release_and_presentation.pdf

ⁱⁱⁱ Full summary of information relating to the Eloise fast tracked drilling program is set out in the market release 'Highly prospective copper targets to be drilled on Eloise Project' created on 13 April 2016 and is available at http://www.ozminerals.com/uploads/media/160413_Highly_prospective_copper_targets_to_be_drilled_on_Eloise_Project.pdf

^{iv} Production targets first set out in the market release 'Record production sets scene for dividends and growth' created on 10 February 2016 and is available at http://www.ozminerals.com/uploads/media/160210_ASX_Release_2015_Full_Year_Results.pdf