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ASX Release

OZ Minerals hedges gold in stockpile to lock-in value



Summary:

- As at 31 March 2016, gold contained in the Prominent Hill stockpile was approximately 370,000 ouncesⁱ
- This ore stockpile represents significant value with high confidence – it has already been mined, the grade is known and recoveries demonstrated
- AUD gold price is at near 15 year highs
- OZ Minerals has hedged approximately 60 percent of the recoverable gold from this stockpile amounting to 171,200 ounces that will generate \$293Mⁱⁱ of revenue expected to be realised from 2018 to 2021

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The gold contained in the stockpile at Prominent Hill has significant, de-risked value. OZ Minerals has high confidence in the value of this stockpile because the ore has already been mined, the grade is known and the trial held late last year confirmed recovery and plant throughput rates.

“The gold contained in the stockpile at Prominent Hill is a tremendously valuable, de-risked asset and we have decided to lock-in approximately 60 percent of the value by taking advantage of the current historically high gold prices,” said Andrew Cole, Managing Director and CEO.

The decision taken by the Board to hedge a portion of the gold further takes advantage of a ‘one off’ opportunity and OZ Minerals maintains a strategy not to hedge primary commodity or unmined production.

The gold stockpile will continue to grow over the remaining life of the open pit. OZ Minerals’ hedge position will be reviewed on a quarterly basis and an ability to maintain a hedge position equivalent to approximately 60 percent of the recoverable gold contained in the stockpile will be retained. The stockpile is currently expected to be drawn down through to 2022.

The hedge contracts have been entered into with OZ Minerals’ banking syndicate including NAB, HSBC and Westpac, with a profile as follows.

Table 1

Year Ending	Gold Ounces Hedged	Average Price A\$/oz	AUD (\$'m)
31 December 2018	29,080	1,681	49
31 December 2019	52,012	1,702	89
31 December 2020	57,764	1,722	99
31 December 2021	32,344	1,744	56
Total	171,200	1,713	293

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ⁱ Stockpiles have increased since the declaration of the 2015 Ore Reserve for Prominent Hill. The Ore Reserve can be viewed at: http://www.ozminerals.com/uploads/media/151104_ASX_Release_Prominent_Hill_Mineral_Resources_and_Reserves_Statement.pdf

As at 31 March 2016, stockpiles were 18Mt @ 0.3% Cu and 0.6g/t Au. Contained gold was 370,000 ounces.

OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in the Ore Reserve announcement apart from depletion due to the processing of ore.

ⁱⁱ See Table 1.