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ASX Release

Cost saving program: \$20m delivered, sights set on \$25m more



Summary:

- Strategy to become a lean, low cost business is being implemented
- Process to renegotiate strategic supplier agreements well underway
- Initial phase of cost saving initiatives are on track to save \$20 million over the next 12 months
- Over \$25 million in further cost saving opportunities are in the pipeline

In late 2015, OZ Minerals launched a targeted program to drive down costs by working with our contract partners to reach more competitive pricing regimes and seek further internal efficiencies. This program has already realised \$20 million in annualised savings since commencement.

"An important part of our strategy is to be a lean business and operate in the bottom half of the cost curve," said Andrew Cole, Managing Director and CEO. "We are determined to drive costs down even further to set ourselves up for future growth."

The initial cost saving program focused on supplier and corporate contract renegotiations, operational production efficiency and a 2016 salary freeze for the Board, executive and all employees across the business. The next stage of the program will focus on more supplier contracts and internal productivity.

"Our strategic partners are working collaboratively with us to substantially reduce our costs," said Mr Bob Fulker, Chief Operating Officer. "By rebasing our cost structure now, we will improve our ability to meet or exceed guidance and take full advantage of the growing opportunities in this counter-cycle."

In addition to the cost saving program, another demobilisation of equipment and personnel in the open pit at Prominent Hill was successfully completed in March. In total, one excavator and 14 trucks were removed from the operation. Since the review of the strategic plan and Prominent Hill mine plan last year, the decision to bring forward the open pit mine plan will save a further \$60 million over the life of the open pit.

For further information please contact:

Investors

Tom Dixon
T 61 8 8229 6628
M 61 450 541 389
tom.dixon@ozminerals.com

Media

Emma Schwartz
T 61 8 8229 6679
M 61 423 492 914
emma.schwartz@ozminerals.com

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