



6 May 2016

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mining company

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Dear Sir/Madam,

**OZ Minerals – Carrapateena Project 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](http://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 read 'R. Mancini'.

**Robert Mancini**  
Company Secretary

06 MAY 2016

# ASX Release

## Larger 4 Mtpa Carrapateena boosts value - underground decline to start imminently



### Summary:

#### Carrapateena scope increased to 4.0 Mtpa

- Pre-feasibility study (PFS) scope increased to 4.0 Mtpa following additional PFS scope optimisation work<sup>1</sup>
- Decline tenders short-listed; construction expected to commence imminently
- Conveyor in single decline gives flexibility to expand beyond 4.0Mtpa

#### Concentrate Treatment Plant (CTP) proposed for Whyalla

- Standalone CTP facility proposed for Whyalla
- Cheaper access to skilled labour, port, rail, roads, power, water, gas and oxygen
- Significant cost and capacity benefits for Carrapateena
- Provides new option to unlock deeper Prominent Hill resource
- SA Government has invited OZ Minerals to submit CTP for 'Major Project status'

#### Improved project economics

- Combined Carrapateena and proposed CTP NPV<sub>9.5</sub> of circa A\$800M and IRR 24% (at latest consensus pricing)
- Robust performance at spot pricing<sup>2</sup>, with NPV<sub>9.5</sub> of approximately A\$250M and IRR of 14%
- Approximately \$4.8 billion LOM net cash flow before tax
- Total pre-production CAPEX of circa \$975M (this includes \$100M in contingency)
- A one-off deferred acquisition payment to RMG/Teck of US\$50M will be made at first production (this is considered part of the acquisition terms). The inclusion of this payment in the project economics reduces the NPV<sub>9.5</sub> to circa A\$750M and IRR to 23% (at latest consensus pricing)
- Estimated production<sup>3</sup> for the first 3 full years of circa 67kt Cu and 76koz Au per annum<sup>i</sup>
- Estimated LOM production<sup>4</sup> of circa 53kt Cu and 53koz Au per annum
- C1 costs circa US\$0.50/lb (first 5 years), with LOM C1 costs circa US\$0.90/lb
- Expected payback of 6 years for the combined project (at consensus pricing)
- Project can be fully funded from existing cash and cash flows, providing a second operational asset to complement Prominent Hill whilst remaining debt free

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<sup>1</sup> 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 to provide certainty that the conclusions of the scoping study will be realised.

<sup>2</sup> As at 2 May 2016

<sup>3,4</sup> The production targets 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 targets will be realised.

A larger, more value accretive Carrapateena project will be taken through the accelerated PFS process while the construction of the mine's decline will begin immediately once the tender process is complete.

"The larger Carrapateena project is very compelling," said Andrew Cole, Managing Director and CEO. "With such strong financial metrics, we have decided to commence development of the mine's decline and accelerate the prefeasibility study with a larger 4Mtpa scope with the aim of first copper concentrate production in 2019."

The PFS optimisation work completed over the past two months has addressed a number of risks and opportunities, allowing a more defined project to be progressed to the next stage of the PFS and providing enough confidence for the Board to have approved commencement of the decline. Risks and opportunities addressed include:

- A sub-level cave dilution study has confirmed that dilution from the overburden does not pose a material risk to the ore grade. The deposit will cave appropriately and the previously used dilution assumptions are valid.
- A conveyor study has determined that a conveyor capable of hauling the required tonnage can be installed within the single decline. The installation will allow for a rapid ramp-up of production, negate the need for a second decline or shaft, remove the need for haulage trucks and reduce mine operating costs. The conveyor option provides flexibility for future capacity increases.
- A CTP location study has confirmed that there is significant operating cost benefit by locating the facility in Whyalla with easy access to skilled labour, port, rail, roads, power, water, gas and oxygen. It also reduces concentrate transport distances, frees up power at Carrapateena for larger haulage and processing capacity without a step change in power infrastructure costs. A centrally located CTP with access to a port can also potentially be used to treat Prominent Hill and/or third party concentrates.
- A tender process is underway to select the contractor to develop the Carrapateena decline. Four contractors remain in the tender process with initial estimates at around 10% less than scoping study estimates. The construction of the decline will also facilitate the validation and enhancement of data obtained from the surface level exploration drilling program.

OZ Minerals expects to award the decline contract in June 2016 with construction to begin soon after. By commencing the construction of the decline, we are aiming for first operating cash flow in 2019. This decision fully maximises the opportunities to create value by counter-cyclical construction. The incremental NPV by building the decline now is \$90M.

The South Australian Government has invited OZ Minerals to submit the CTP at Whyalla for assessment as a 'Major Project'. If granted, major project status will have significant benefits in terms of certainty and approval timelines.

OZ Minerals has also signed a non-binding MOU with the administrators of Arrium to explore possible site, infrastructure and port options at Whyalla.

South Australian Treasurer Tom Koutsantonis said the proposed project was great news for the Whyalla region.

"The State Government has been a big supporter of the technology behind OZ Minerals' concentrate treatment plant," he said.

"If the processing plant is built in Whyalla, it will be a great outcome for the region creating many local jobs.

"The Government will work with OZ Minerals and Arrium to ensure the speediest and best outcome for this project."

Based on detailed engineering and scoping studies, the CTP will have an estimated construction cost of approximately \$150M (this includes \$10M contingency) and will create more than 100 jobs in the construction phase between 2017 and 2019, and around 100 local ongoing jobs.

"A centralised concentrate treatment plant will provide further options for Prominent Hill concentrate and other mines in Australia and possibly around the world," said Mr Cole.

OZ Minerals has developed the CTP process in collaboration with hydrometallurgical specialists Orway Mineral Consultants (OMC). OMC have a patent on the technology, to which OZ Minerals has licence-free access. The CTP will remove deleterious, naturally occurring elements from the concentrate thereby improving marketability. It also has the added advantage of reducing the weight of the concentrate by up to 40 percent, dramatically reducing shipping and transport costs as a result. A blending facility will also be incorporated into the project to add further flexibility to our sales strategy.

A drilling program is currently underway to collect samples for metallurgical test work and potentially upgrade the resource classification.

The updated 4.0 Mtpa Carrapateena project and Whyalla CTP can be fully funded from existing cash and cash flows (even at spot pricing), providing a second operational asset to complement Prominent Hill whilst remaining debt free.

With the imminent commencement of the decline in July 2016, first production is expected to take place in 2019.

Whilst the 2.8Mtpa Carrapateena base case and the new 4.0 Mtpa Carrapateena and proposed CTP are not directly analogous projects, a high level comparison of economic metrics can be seen in the table below.

	2.8 Mtpa Carrapateena (including onsite CTP) - Approximate Numbers	4.0 Mtpa Carrapateena - Approximate Numbers	CTP Whyalla	Change Approximate
Mining	\$250M	\$350M		
Processing	\$250M	\$200M		
Infrastructure	\$100M	\$110M		
CTP			\$110M	
Indirects	\$70M	\$75M	\$30M	
Contingency	\$100M	\$90M	\$10M	
<b>Total CAPEX</b>	<b>\$770M</b>	<b>\$825M</b>	<b>\$150M</b>	+27%
Capacity	2.8 Mtpa	4.0 Mtpa		+43%
Production Yr 1-3	55kt Cu 58koz Au	67kt Cu 76koz Au		+22% +31%
Production LOM	40kt Cu 38koz Au	53kt Cu 53koz Au		+33% +39%
C1 Costs Yr 1-5	0.70 <sup>ii</sup>	0.50		29% reduction
C1 Costs LOM	1.00 <sup>iii</sup>	0.90		10% reduction
OPEX for CTP			\$117/t concentrate	
Annual sustaining capital	\$5M <sup>iii</sup>	\$30M	\$2M	
NPV <sub>95</sub> (RWG/Tech payment inc)	\$600M	\$750M		+24%
IRR (RWG/Tech payment inc)	Above 20%	23% (combined)		
Annual cash flow	\$155M	\$186M		+20%
Pricing and FX assumptions				
Cu US\$/lb	3.00	2.99		
Au US\$/oz	1250	1292		
AUD/USD	0.74	0.75		

For further information:

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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 Mineral's expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

<sup>i</sup> Material assumptions used in the estimation of the production targets and associated financial information are set out in the following table.

Criteria	Commentary																								
Mineral resource estimate underpinning the production targets	<p>The Mineral Resource estimate for Carrapateena as at September 2015 underpins the production targets. This estimate was prepared by a Competent Person in accordance with the JORC Code 2012.</p> <p>See ASX release 'Carrapateena Update – 61Mt @ 2.9% CuEq' released on 6 October 2015, which is available at <a href="http://www.ozminerals.com/uploads/media/151006-Carrapateena-High-Grade--Explanatory-notes-1503c513-d142-485c-8a51-52b3c24ad7bc-0.pdf">http://www.ozminerals.com/uploads/media/151006-Carrapateena-High-Grade--Explanatory-notes-1503c513-d142-485c-8a51-52b3c24ad7bc-0.pdf</a>. 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.</p>																								
Study status	<p>The production targets 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.</p>																								
Capital Costs	<p>The pre-production capital costs estimated as part of the scoping study are shown below.</p> <table><tr><td></td><td>Carrapateena</td><td>CTP</td></tr><tr><td>Activity</td><td>AUD (\$M)</td><td>AUD (\$M)</td></tr><tr><td>Mining</td><td>\$350</td><td></td></tr><tr><td>Processing</td><td>\$200</td><td>\$110</td></tr><tr><td>Infrastructure</td><td>\$110</td><td></td></tr><tr><td>Indirect costs</td><td>\$75</td><td>\$30</td></tr><tr><td>Contingency</td><td>\$90</td><td>\$10</td></tr><tr><td>Total</td><td>\$825</td><td>\$150</td></tr></table>		Carrapateena	CTP	Activity	AUD (\$M)	AUD (\$M)	Mining	\$350		Processing	\$200	\$110	Infrastructure	\$110		Indirect costs	\$75	\$30	Contingency	\$90	\$10	Total	\$825	\$150
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Cut-off parameters	<p>The mining method selected for Carrapateena was assumed to be sub-level caving (SLC) and the estimated production rate was 4.0 Mtpa. Expressed as a Net Smelter return (NSR) the break-even cut-off grade was estimated to be \$44 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>\$25</td></tr><tr><td>Processing</td><td>\$14</td></tr><tr><td>Site Administration</td><td>\$5</td></tr><tr><td>Total</td><td>\$44</td></tr></table> <p>The cut-off grade used in the estimation of the production targets were \$100 per tonne of ore.</p>	Activity	Cost per tonne (AUD)	Mining	\$25	Processing	\$14	Site Administration	\$5	Total	\$44														
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<b>Mining factors or assumptions</b>	<p>The production targets were 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 each 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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<b>Metallurgical factors or assumptions</b>	<p>The metallurgical recoveries assumed are shown below.</p> <table><tr><th>Metal</th><th>Recovery %</th></tr><tr><td>Copper</td><td>92</td></tr><tr><td>Gold</td><td>74</td></tr><tr><td>Silver</td><td>73</td></tr></table> <p>These recoveries include the small losses attributable to the Hydromet process.</p>	Metal	Recovery %	Copper	92	Gold	74	Silver	73																									
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<b>Infrastructure</b>	<p>There is some existing infrastructure at Carrapateena. The 4.0 Mtpa processing plant and supporting infrastructure capital costs were factored from an estimate for a 4.0Mtpa capacity facility as part of the scoping study.</p>																																	
<b>Costs</b>	<p>All costs used in the estimation of the production targets and the associated financial information were estimated to a scoping study level of accuracy.</p>																																	
<b>Revenue factors</b>	<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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<b>Classification</b>	<p>The production targets are 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 targets will be realised.</p>																																	
<b>Audits or reviews</b>	<p>The mining and processing and infrastructure components of the scoping study were independently reviewed. No material issues were identified by the reviewers.</p>																																	

ii Some operating costs assumed in the 2.8Mtpa base case announced on 26 February 2016 have now been reclassified to sustaining capital. The deferred acquisition payment to RMG/Teck was included as an operating cost in the 2.8Mtpa base case and will be capitalised as post-production capital in 4.0Mtpa case and not included in the pre-production CAPEX of \$975M.



# Carrapateena 4Mtpa + Whyalla CTP

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# Disclaimer

## **Forward looking statements**

This presentation has been prepared by OZ Minerals Limited ("OZ Minerals") and consists of written materials/slides for a presentation concerning OZ Minerals. By reviewing/attending this presentation, you agree to be bound by the following conditions.

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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.

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.

All figures are expressed in Australian dollars unless stated otherwise.

# Compliance Statements

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## Production Targets Cautionary Statement

The production targets are 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 targets will be realised.

The Ore Reserve and Mineral Resource estimates underpinning the production targets were prepared by a Competent Person in accordance with the JORC Code 2012. The production targets 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.

The material assumptions used in the estimation of production targets and associated financial information are set out in the ASX release accompanying this presentation.

## Carrapateena Mineral Resource estimate

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 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.



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# Summary

## Carrapateena 4 Mtpa + Whyalla CTP

### **Carrapateena scope increased to 4.0 Mtpa**

- / Pre-feasibility study (PFS) scope increased to 4.0 Mtpa
- / Sub-level cave (SLC) with on-site processing facility confirmed
- / Decline tenders short-listed with construction to commence imminently
- / Conveyor in single decline gives flexibility to increase production rate
- / Dilution risk understood and not significant to project
- / Approximately \$4.8 billion LOM net cash flow before tax
- / Combined Carrapateena and proposed CTP NPV<sub>9.5</sub> of circa A\$800M and IRR 24% (at latest consensus pricing)

### **Concentrate Treatment Plant proposed for Whyalla**

- / Standalone concentrate treatment plant facility proposed for Whyalla
- / Cheaper access to skilled labour, port, rail, roads, power, water, gas and oxygen
- / Non-binding MOU signed with administrators of Arrium
- / Significant C1 cost and capacity benefits for Carrapateena; increased flexibility for Prominent Hill, other mines in Australia and overseas
- / SA Government has invited OZ Minerals to submit CTP for 'Major Project status'



# Project economics

## Compelling financial metrics

- / Combined Carrapateena and proposed CTP NPV<sub>9.5</sub> of circa A\$800M and IRR 24% (at latest consensus pricing)
- / Robust performance at spot pricing, with NPV<sub>9.5</sub> of approximately A\$250M and IRR of 14%
- / Estimated production\* for the first 3 full years of circa 67kt Cu and 76koz Au per annum
  - / Approximately 22% increase in Cu and 31% increase in Au relative to 2.8 Mtpa base case
- / Estimated LOM production\* of circa 53kt Cu and 53koz Au per annum
  - / Approximately 33% increase in Cu and 39% increase in Au relative to 2.8 Mtpa base case
- / Total pre-production CAPEX of circa \$975M (this includes \$100M in contingency)
  - / Approximately 27% increase relative to 2.8 Mtpa base case
- / C1 costs of circa US\$0.50/lb (first 5 years), with LOM C1 costs of circa US\$0.90/lb
  - / Approximately 29% reduction (first 5 years), 10% reduction LOM relative to 2.8 Mtpa base case
- / Carrapateena capital intensity reduced to US\$10,970 per annual tonne of copper equivalent production
- / Expected payback of 6 years for the combined project (at latest consensus pricing)

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

# Carrapateena – 2.8Mtpa base case

## A clear and compelling path to value

- / High grade resource identified - 61Mt at 2.9 per cent CuEq\*
- / Hydromet demonstration plant trials successful
- / Copper-in-concentrate levels of up to 60 per cent returned
- / Scoping Studies completed; new base case into PFS
- / 2.8Mtpa SLC; on-site processing; hydromet and single decline
- / Project cost of A\$770 million (this includes \$100M contingency)
- / NPV<sub>9.5</sub> > A\$600 million; IRR > 20 per cent; Payback 5 years
- / C1 costs of US\$0.70/lb (first 5 years), with LOM C1 costs of US\$1.00/lb
- / Estimated first 3 full years @ 55kt Cu and 58koz Au pa; LOM 40kt Cu and 38koz Au pa\*\*
- / Mine life > 20 years
- / Average annual cash flow of A\$150 million

\* Please refer to the statement supporting this estimate on slide 3

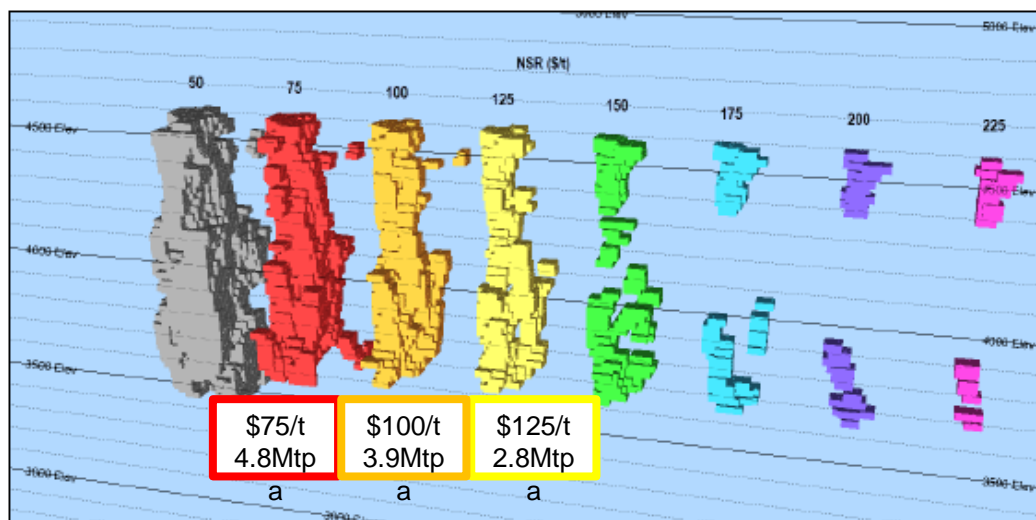
\*\* These production targets must be read in conjunction with the production cautionary statement on slide 3



# Carrapateena

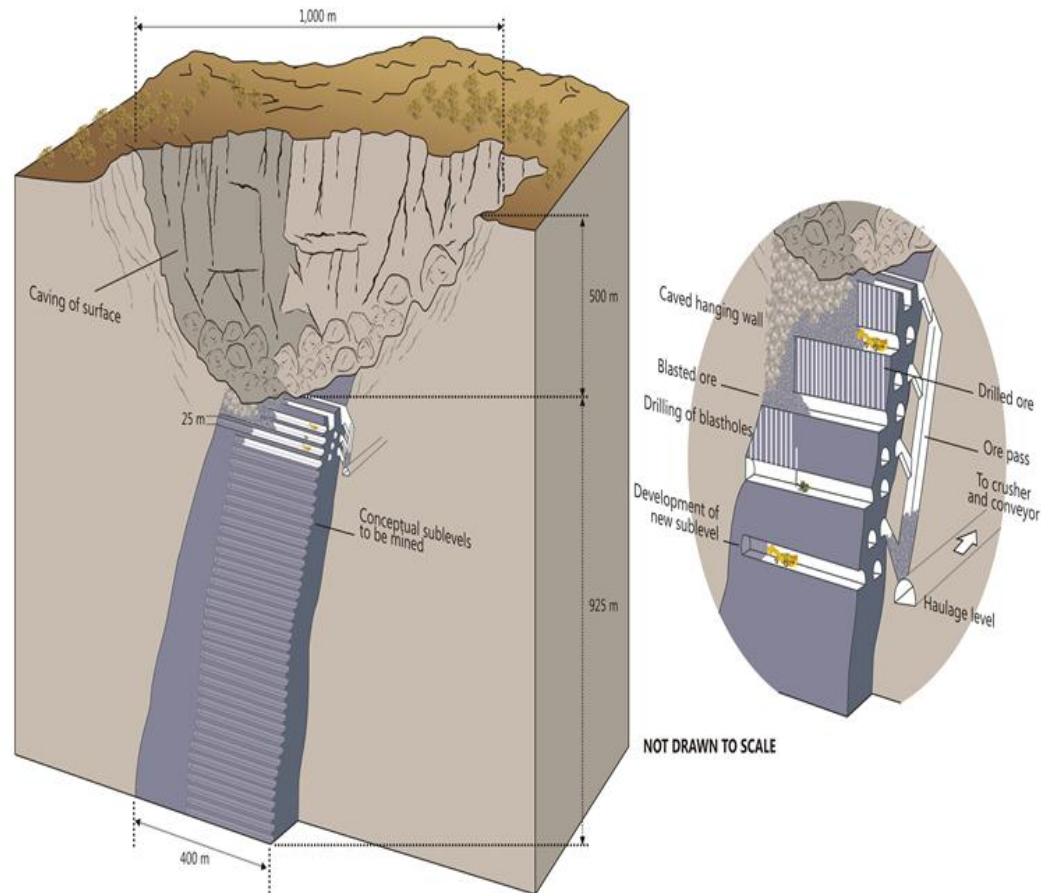
## Progression from Scoping Study

- / 2.8 Mtpa was initially targeted for the PFS as it returned the highest IRR
- / However, the scoping study also identified that a likely "optimum" project size would be between 3.9Mtpa and 4.8Mtpa
- / Inflection in NPV and IRR above 3.9 Mtpa was due to an assumption that a 4.8 Mtpa project would require additional power supply from Port Augusta.
- / Moving CTP to Whyalla frees up power
- / SLC Mining inventories have been calculated at a range of NSR cut off grades, with the optimum being between \$100/t and \$75/t



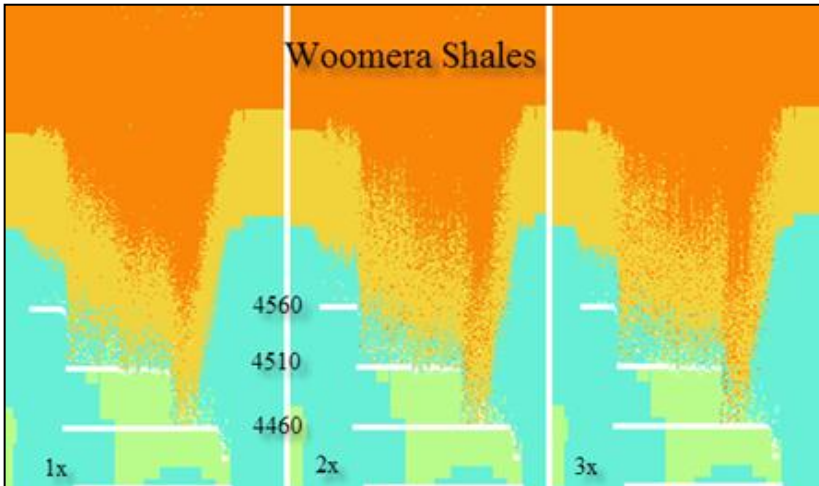
# SLC Mining (Sub Level Caving)

## Design and method



# Enabling factors

## Compelling stakeholder support and technical certainty



### Dilution Study

- / Dilution study undertaken by SLC modeling expert Gavin Power - no fatal flaw identified
- / Confirmed that the overburden will cave

### Decline tender

- / Confirmed highly competitive market with excess contractor capacity
- / All four remaining contractors in tender process at least 10% less than initial estimates
- / Tender awarded in June 2016; construction to begin in July 2016

### Stakeholder support

- / Strong proactive support from Kokatha, SA Government and local community

### Drilling program

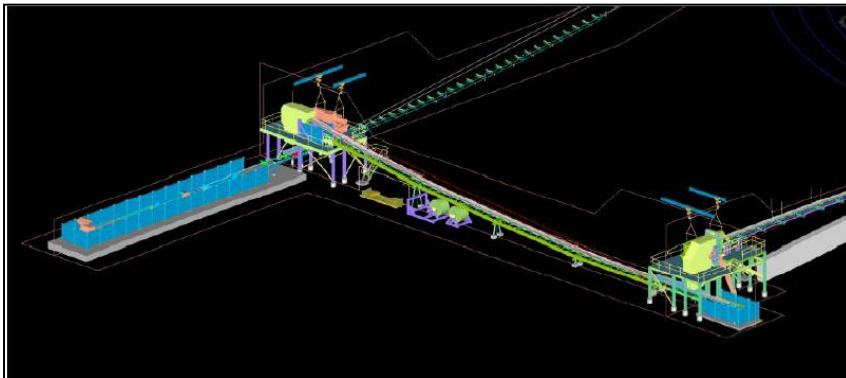
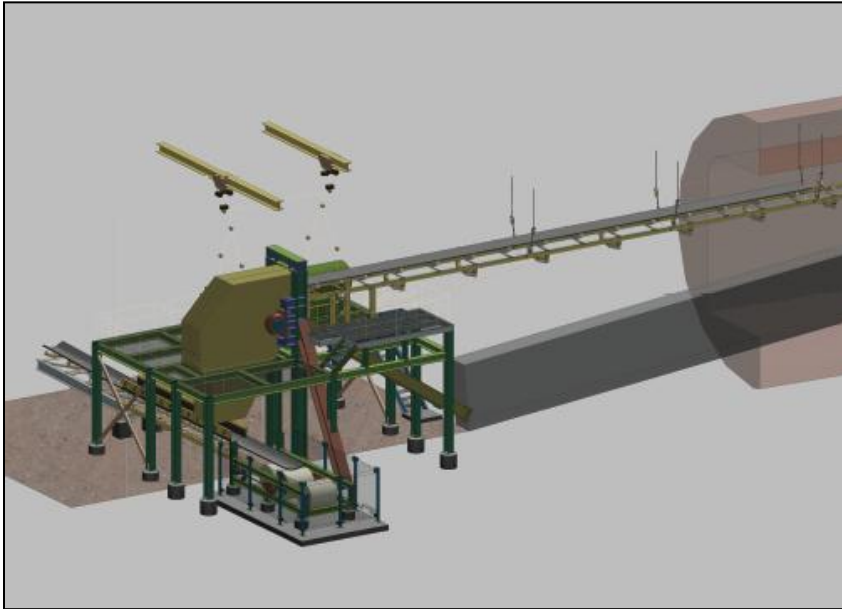
- / A drilling program is currently underway to collect samples for metallurgical test work and potentially upgrade the resource classification



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# Carrapateena Update

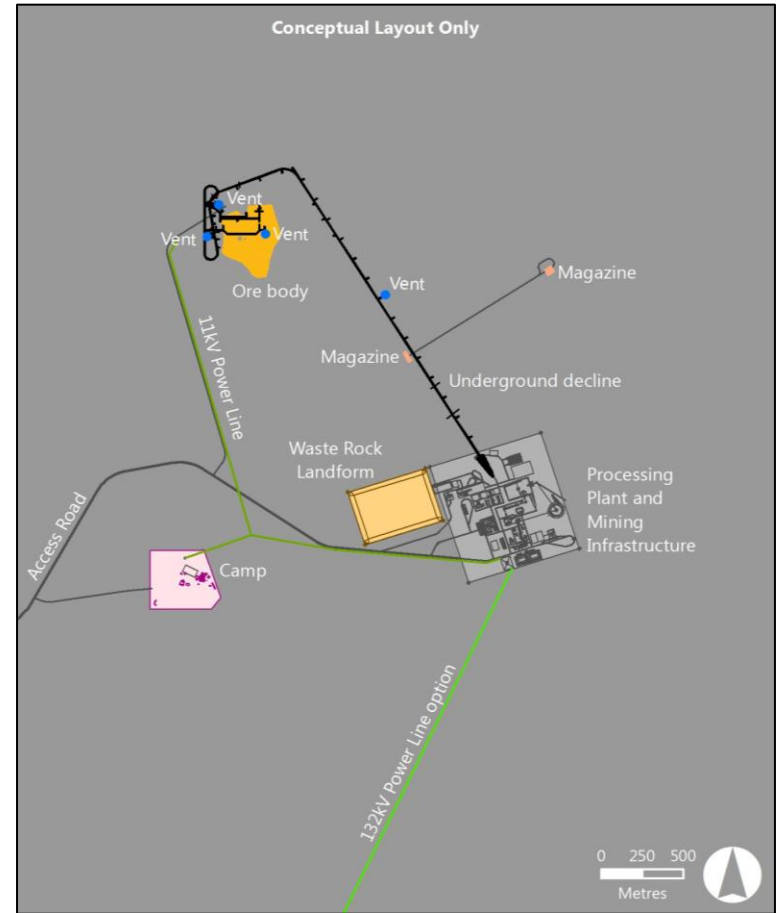
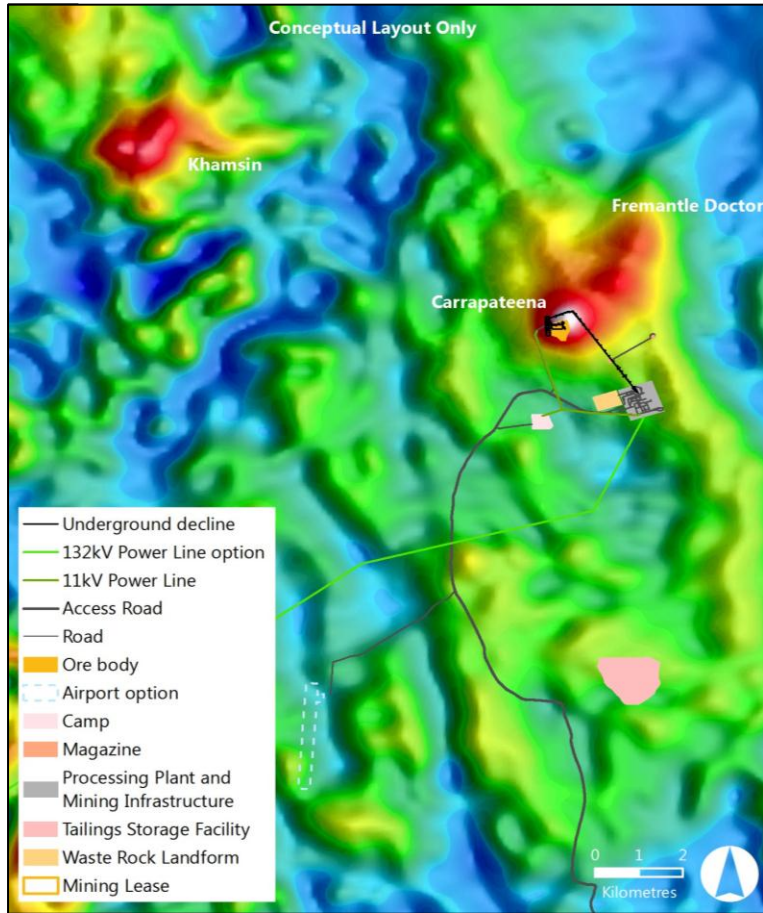
## Haulage Study



- / Conveyor study undertaken by Emtek
- / Confirmed that the conveyor can be integrated into the decline
- / Decline contractor can install hanging points during construction of decline
- / Conveyor installation can commence 9 months after decline construction (ie April 2017) and not affect critical path
- / Use of a conveyor will require underground crushing
- / Capacity up to 4.8Mtpa
- / Cost of conveyor is circa \$50M
- / Cost of underground crushing is circa \$10M

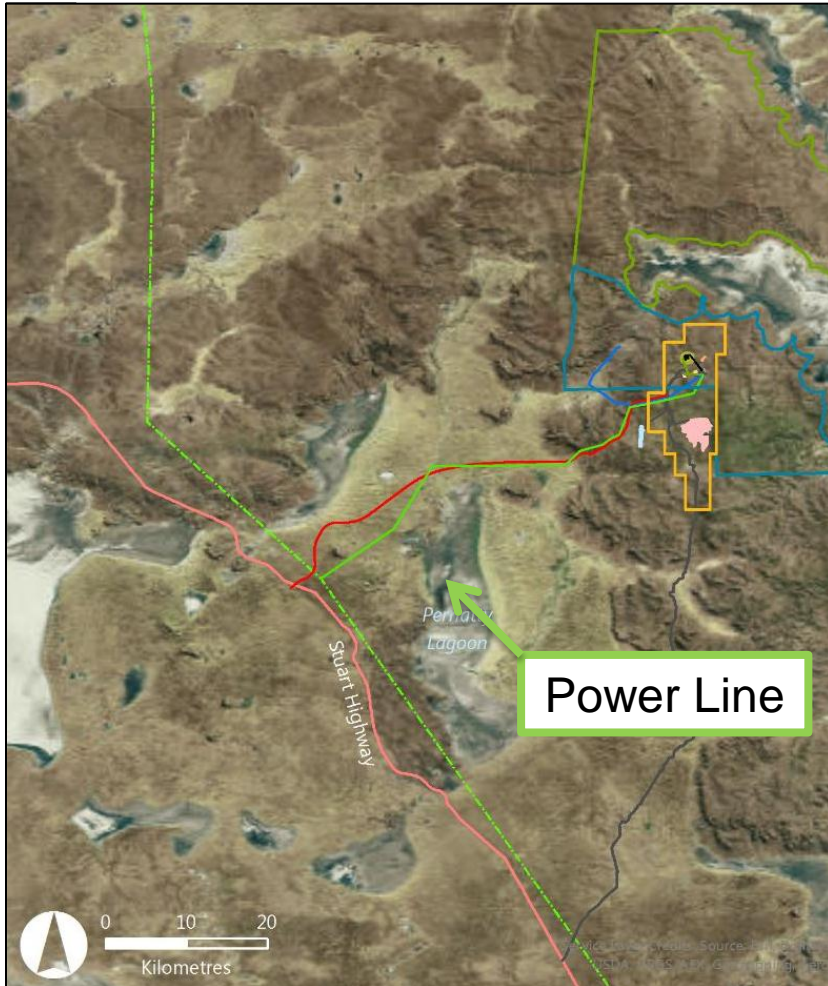
# Carrapateena update

## Conceptual site layout



# Carrapateena update

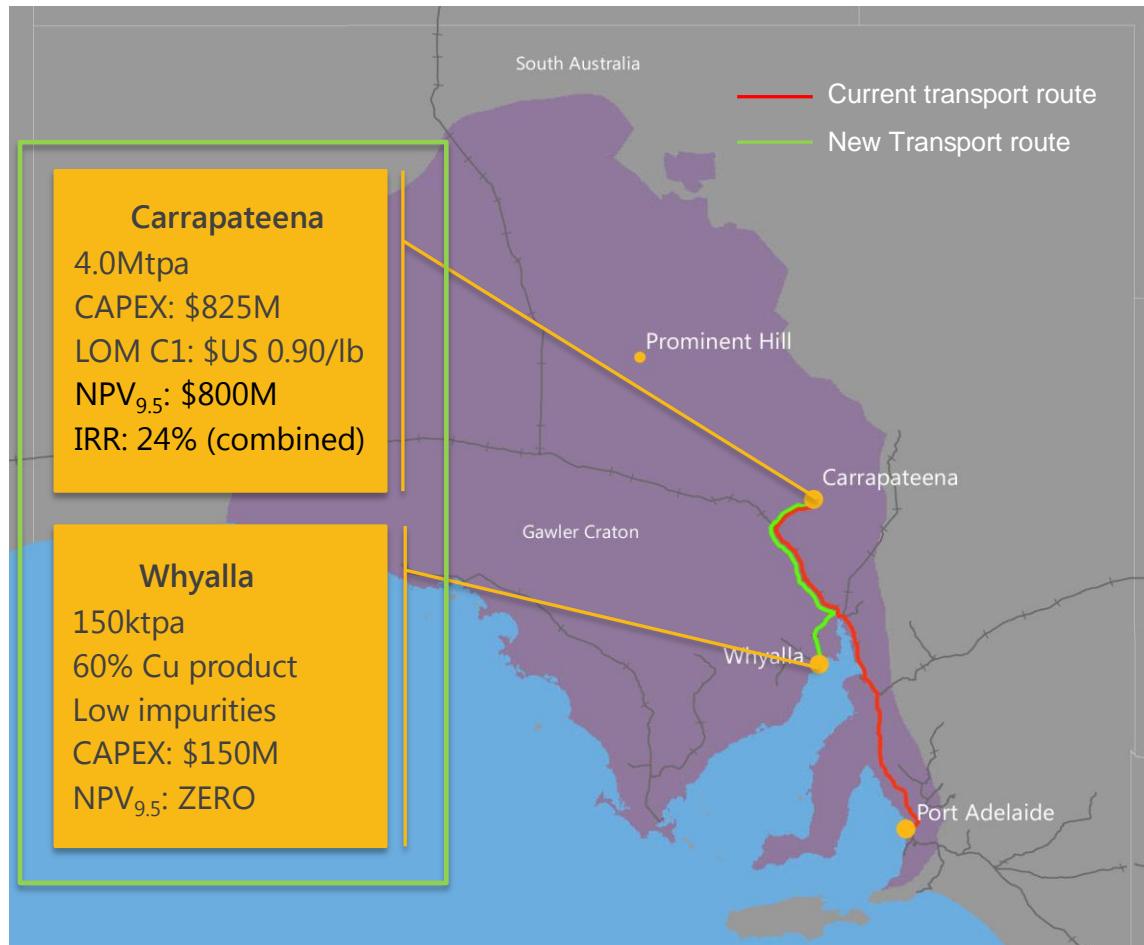
## PFS Scope Optimisation – Power Study



- / Power to be drawn from the 132kV Electranet line 55km west of Carrapateena
- / Scoping Study requirement at 4Mtpa:
  - Onsite CTP – 8MW
  - Haulage – ZERO
  - Rest of site – 47MW
  - **Total – 55MW**
- / New optimised requirement at 4Mtpa:
  - CTP – ZERO (now at Whyalla)
  - Conveyor Haulage – 3MW
  - Rest of site – 47MW
  - **Total – 50MW**
- / Electranet have modeled and **confirmed 55MW** available with 90% utilisation
- / Moving the CTP offsite has freed up power capacity for conveyor haulage and a larger process plant enabling the project to be ramped up from 2.8Mtpa to 4.0Mtpa

# Separation of Carrapateena and CTP

Low OPEX and more flexibility



# Concentrate Treatment Plant

## Whyalla Location



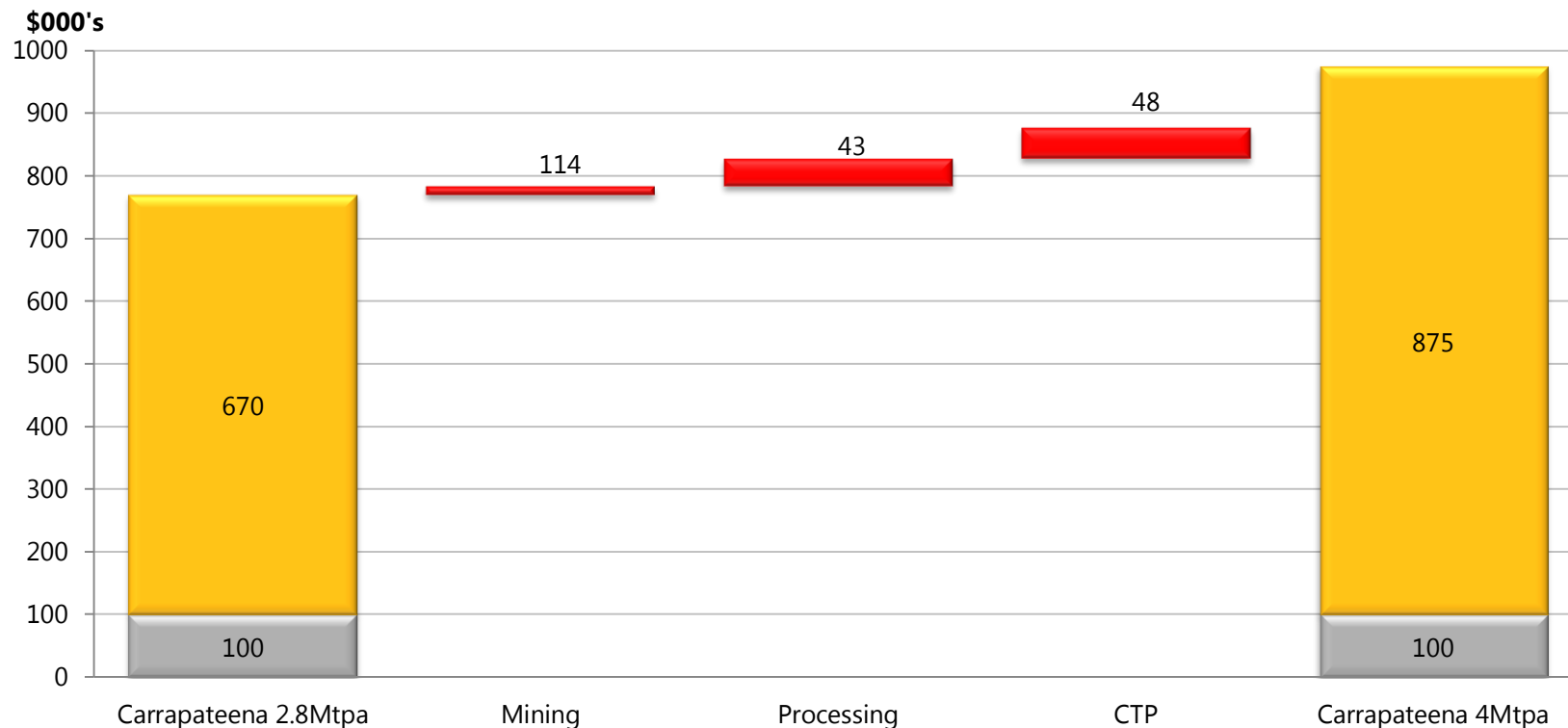
# Concentrate Treatment Plant

## Proposed Site Allotment



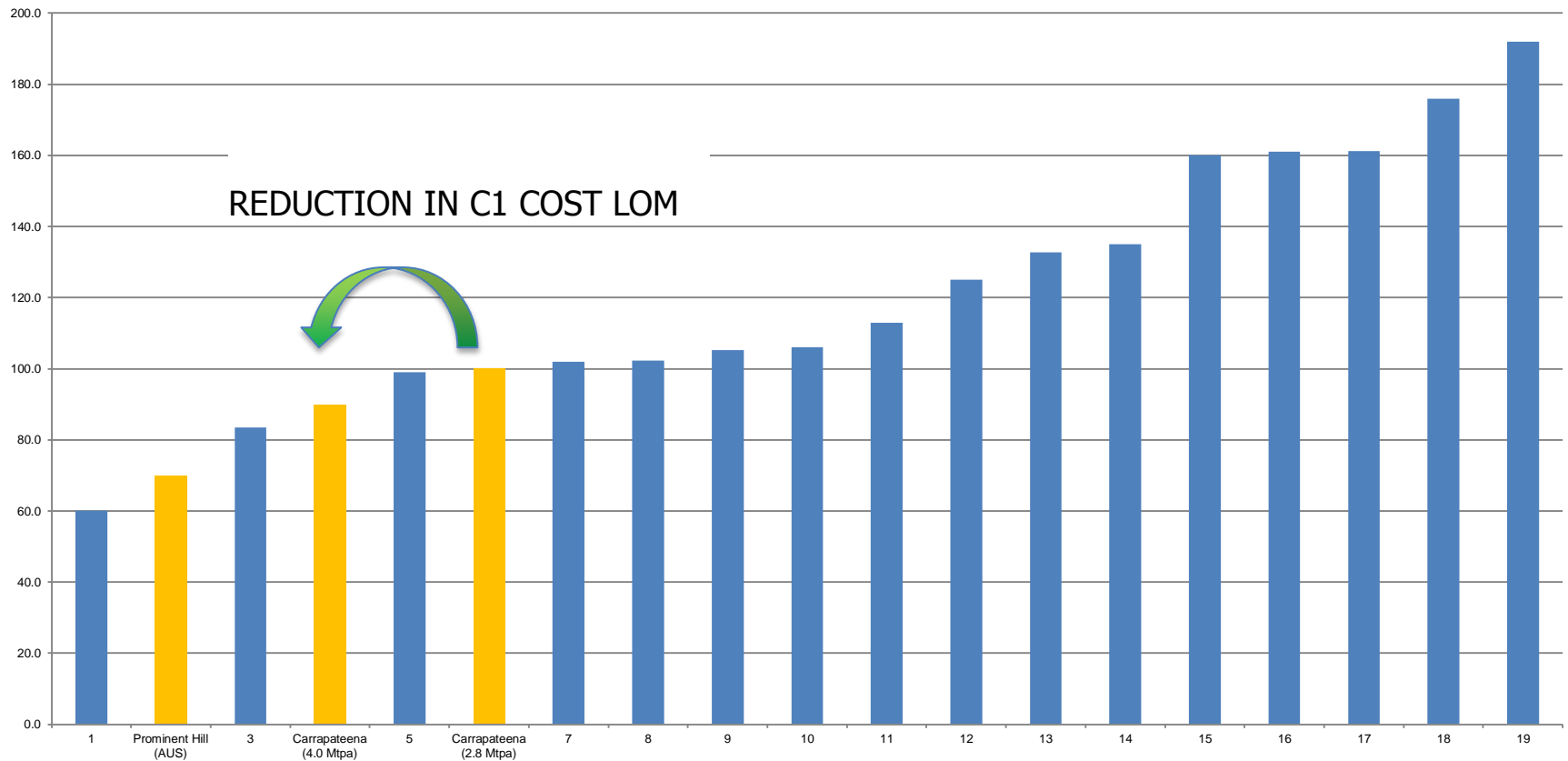
# Capital Cost Material Changes

Reconciliation from 2.8Mtpa to 4.0Mtpa CAPEX + contingency



# C1 costs

## Benchmarking (USc/lb)\*



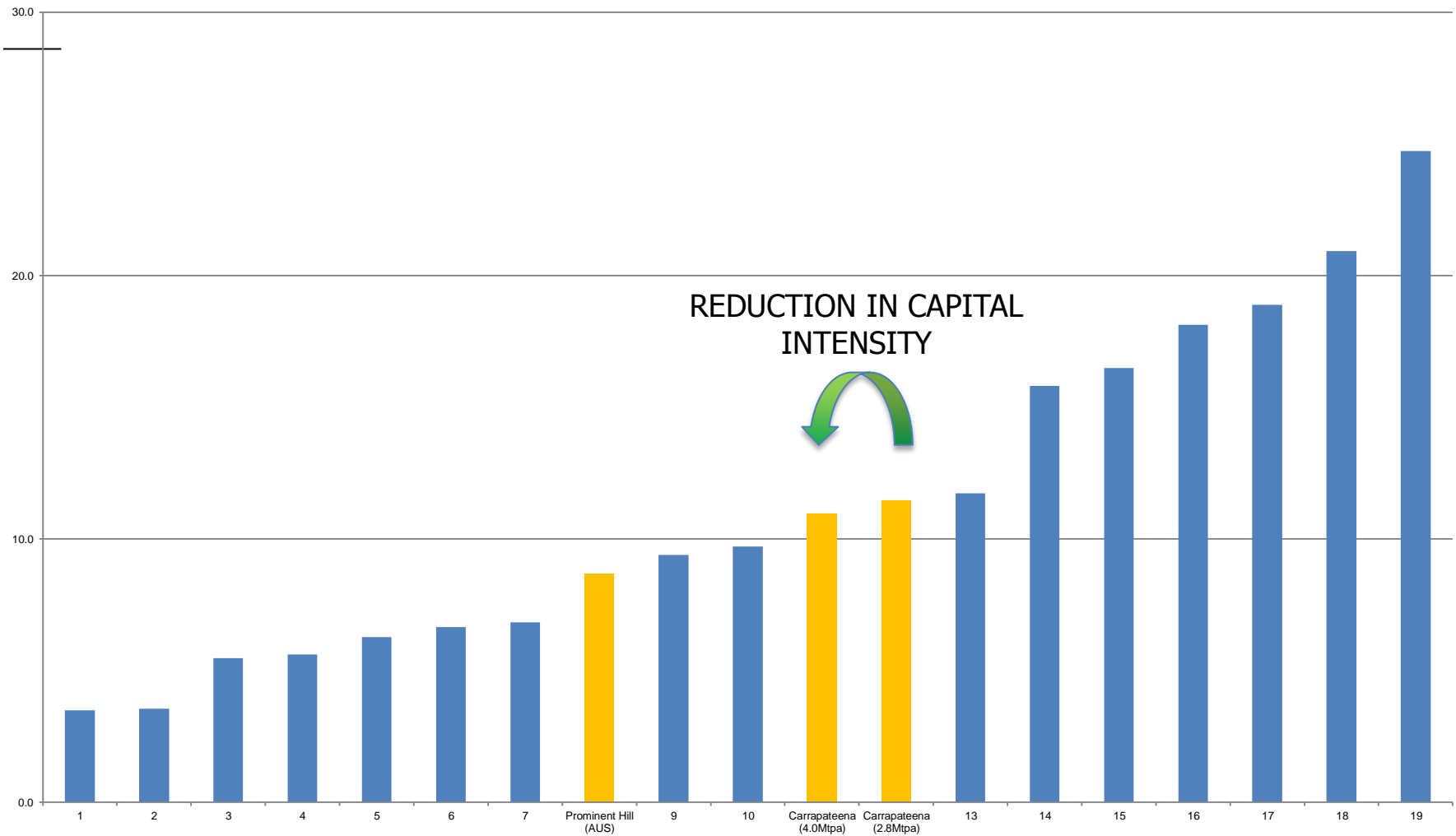
\* Comparison mines include: Antas, Cobar – CSA, Cobre Panama, Constanca, DeGrussa, El Pilar, Hillside, Jabal Sayid, Kapulo, Las Bambas, Mirador, NorthMet, Proyecto de Rio Tinto, Pumpkin Hollow, Rocklands, Wetar



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# Capital Intensity

Benchmarking (US\$000s/t annual Cu. Eq. Production)\*



\* Comparison mines include: Antas, Cobar – CSA, Cobre Panama, Constanca, DeGrussa, El Pilar, Hillside, Jabal Sayid, Kapulo, Las Bambas, Mirador, NorthMet, Proyecto de Rio Tinto, Pumpkin Hollow, Rocklands, Wetar



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# Kokatha

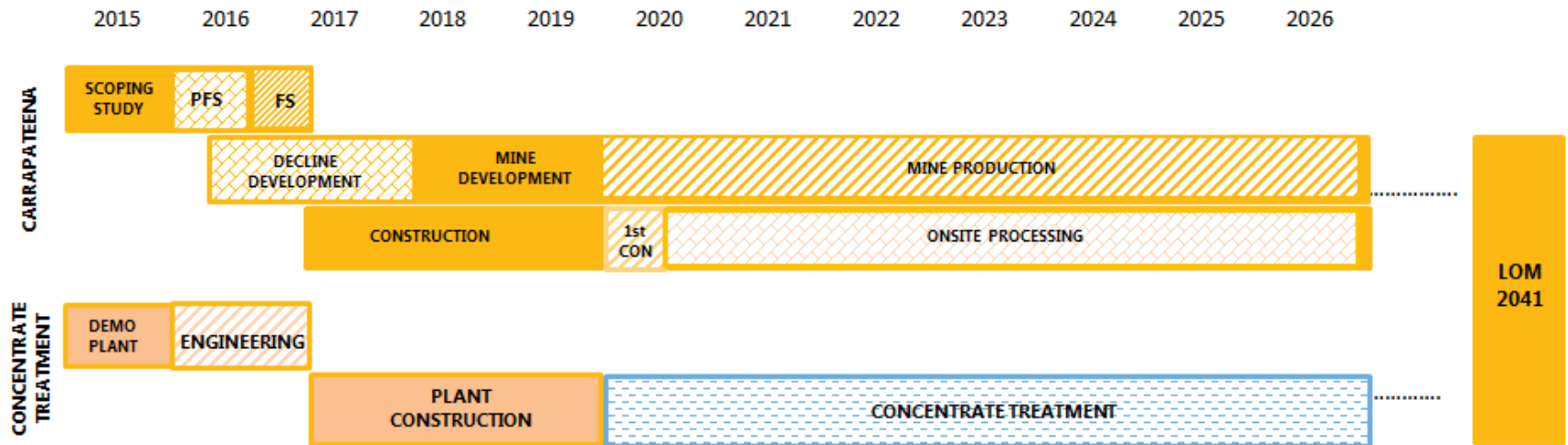
## Working with local communities



- / Key focus of the project is the local community
- / Developing partnerships 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
- / Strong relationships with the Kokatha people at Carrapateena
- / Already entered into several joint ventures including:
  - Martins/Kokatha JV – Road maintenance
  - Australian Camp Services/Kokatha JV – site services
  - Complete Personnel/ Kokatha JV – labour hire at Carrapateena (as required)
- / Significant employment opportunities in construction and operation

# New Timeline

## Carrapateena Timeline



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
- / Finalise scoping costing and supplier selection for long lead items
- / Water drilling to further define the southern portion of the northern well field
- / Mining Lease approvals activities including community consultation and engagement
- / CTP assessed under 'Major Project' status

# Summary

## Carrapateena 4 Mtpa + Whyalla CTP

### **Carrapateena scope increased to 4.0 Mtpa**

- / Pre-feasibility study (PFS) scope increased to 4.0 Mtpa
- / Sub-level cave (SLC) with on-site processing facility confirmed
- / Decline tenders short-listed with construction to commence imminently
- / Conveyor in single decline gives flexibility to increase production rate
- / Dilution risk understood and not significant to project
- / Approximately \$4.8 billion LOM net cash flow before tax
- / Combined Carrapateena and proposed CTP NPV<sub>9.5</sub> of circa A\$800M and IRR 24% (at latest consensus pricing)

### **Concentrate Treatment Plant proposed for Whyalla**

- / Standalone concentrate treatment plant facility proposed for Whyalla
- / Cheaper access to skilled labour, port, rail, roads, power, water, gas and oxygen
- / Non-binding MOU signed with administrators of Arrium
- / Significant C1 cost and capacity benefits for Carrapateena; increased flexibility for Prominent Hill, other mines in Australia and overseas
- / SA Government has invited OZ Minerals to submit CTP for 'Major Project status'





# Appendix

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# Project economics

## Compelling financial metrics

	2.8 Mtpa Carrapateena (including onsite CTP) - Approximate Numbers	4.0 Mtpa Carrapateena - Approximate Numbers	CTP Whyalla	Change
<b>Mining</b>	\$250M	\$350M		
<b>Processing</b>	\$250M	\$200M		
<b>Infrastructure</b>	\$100M	\$110M		
<b>CTP</b>			\$110M	
<b>Indirects</b>	\$70M	\$75M	\$30M	
<b>Contingency</b>	\$100M	\$90M	\$10M	
<b>Total CAPEX</b>	\$770M	\$825M	\$150M	+27%
<b>Capacity</b>	2.8 Mtpa	4.0 Mtpa		+43%
<b>Production Yr 1-3</b>	55kt Cu 58koz Au	67kt Cu 76koz Au		+22% +31%
<b>Production LOM</b>	40kt Cu 38koz Au	53kt Cu 53koz Au		+33% +39%
<b>C1 Costs Yr 1-5</b>	0.70*	0.50		29% reduction
<b>C1 Costs LOM</b>	1.00*	0.90		10% reduction
<b>Opex for CTP</b>			\$117/t concentrate	
<b>Annual sustaining capital</b>	\$5M*	\$30M	\$2M	
<b>NPV<sub>9.5</sub> (RWG/Tech payment inc)</b>	\$600M	\$750M		+24%
<b>IRR (RWG/Tech payment inc)</b>	Above 20%	23% (combined)		
<b>Annual cash flow</b>	\$155M	\$186M		+20%

\*Some operating costs assumed in the 2.8Mtpa base case announced on 26 February 2016 have now been reclassified to sustaining capital. The deferred acquisition payment to RMG/Teck was included as an operating cost in the 2.8Mtpa base case and will be capitalised as post-production capital in 4.0Mtpa case and not included in the pre-production CAPEX of \$975M.



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# Carrapateena

## A brief history

- / 2005: Rudy Gomez discovered Carrapateena and entered into a Joint Venture with Teck in 2006
- / Teck drilled 85 holes – 83,000 metres over four years
- / 2011: OZ Minerals acquired the Carrapateena project in for US\$250 million + contingent payments of US\$50 million payable on first commercial production of copper, uranium, gold or silver and US\$25 million payable on first commercial production of rare earths, iron or any other commodity.
- / April 2011: OZ Minerals announced maiden Inferred Resource of 203Mt @ 1.31% Cu\*
- / January 2013: OZ Minerals upgraded Inferred and Indicated Resource to 760Mt @0.80 Cu\*\*
- / January 2013: The first drill hole intersects into Khamsin mineralisation occurred in January
- / Mid 2013: OZ Minerals commenced the pre-feasibility studies.
- / Mid 2013: a further 5 exploration licences were purchased, with 11 tenements for combined holding of ~3,600 sq/km within the eastern Gawler Craton
- / November 2013: Inferred and Indicated Resource were further upgraded to 800Mt @ 0.80 Cu\*\*
- / 2014: Pre-feasibility study completed and released
- / October 2015: Carrapateena Update – 61Mt @ 2.9% CuEq

