

# QUARTERLY REPORT

FOR THE THREE MONTHS  
ENDING 30 SEPTEMBER 2009



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## CONTAINED METAL PRODUCTION

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COPPER	28,316t
GOLD	21,091oz
SILVER	220,816oz

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- Production from Prominent Hill up on previous quarter and on schedule to meet original guidance for the year.
- 2009 guidance range narrowed to 85,000 tonnes to 90,000 tonnes for copper production, US70c/lb to US75c/lb for cash costs ; gold production unchanged.
- Misfire events and geotechnical issues restricted ore mining in parts of the pit during the period.
- Unplanned plant shut-downs impacted mill production but issues were resolved by the end of the period.
- Underground feasibility studies continue and are now due for completion in the first quarter of 2010.
- Regional exploration at Prominent Hill returns iron-oxide copper-gold-style alteration in some holes.
- Exploration in Cambodia is proceeding towards an initial gold Resource.

A handwritten signature in black ink, appearing to read 'Terry Burgess', with a long horizontal stroke extending to the right.

Terry Burgess  
Managing Director and Chief Executive Officer

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**OZ MINERALS QUARTERLY ACTIVITIES TO  
30 SEPTEMBER 2009****SAFETY**

There were six recordable injuries for the Company during the period, none of which were lost time injuries. While performance at Prominent Hill was disappointing with an increase in the number of recordable injuries from one in Q2 to six in Q3, there have been no lost time injuries at Prominent Hill in this calendar year.

**OPERATIONS****PROMINENT HILL**

Prominent Hill remained in the ramp-up phase during the quarter with name-plate capacity expected to be reached by the end of the year as forecast.

Production of 28,316 tonnes of copper was an increase of over 1,000 tonnes from the previous quarter.

Forecast production remains within previously announced guidance for the year, however the guidance range for 2009 has been narrowed for copper to 85,000t to 90,000t and remains unchanged for gold at 60,000oz to 70,000oz.

**Mining**

Volumes of ore mined were reduced during the period mainly because of a stand-down of drill and blast operations in the Stage 1 area and part of the Stage 2 area of the pit as a result of a series of blast misfires in July.

During the stand-down the misfires were cleared and detailed investigations were carried out. Modified procedures for mining in the affected areas were implemented to ensure safety of personnel.

Mining returned to normal rates in Stage 1 in September and will be fully resumed in Stage 2 by November.

During the quarter, overburden mining of the Stage 3 cutback commenced, as planned, following the reinstatement of the third excavator and associated truck fleet.

Also during the quarter, a number of pit wall sloughing events occurred. These events all occurred in the weaker Bulldog Shale units in the top 65 metres of the overburden material. At no time was there any danger to people or equipment with monitoring instrumentation accurately predicting the sloughing events. Additional bunds were constructed to minimise the impact of the material movement and mining productivity was not significantly affected as double ramp access at each end of the pit allowed alternative access.

Work has commenced to develop the final pit wall slope designs aimed at preventing further events.

Overall, the mining fleet continued to perform well with average productivity of 10,760 tonnes per hour for the quarter.

During the quarter, 'engineered' stockpiles were constructed on the ROM pad by blending ore types to ensure uniform head grade and mineralisation in the feed to the plant. Processing of these stockpiles commenced at the end of the quarter. The significant stockpiles of ore, measuring 4.2Mt of 'copper ore' and 2.7Mt of 'gold ore' at the end of September, allowed steady supply of feed to the plant, however, lower mining rates experienced during the quarter could impact blending flexibility into next year.

**Processing**

Longer than planned periods of shutdown in August and September saw plant utilisation average 76% for the quarter which impacted volumes processed.

A routine shut-down to reline the SAG mill in September was prolonged with additional work required as a result of higher than anticipated wear rates on the mill liners. Modelling of the SAG mill operation has commenced to reduce liner wear and achieve optimum grinding conditions.

Subsequent failures of the ball mill start-up electronic instrumentation was the main contributor to the below-expected utilisation for the period. The program controlling the electronic systems which start the ball and SAG mills was improved and the design of the system components is being reviewed by the supplier. No further problems have been encountered since this work was completed.

During the quarter, name-plate mill throughput rates of 1,000 tonnes per hour were routinely achieved, as well as sustained periods at 1,100 tonnes per hour.

Recoveries averaged 81% for the quarter. Reagent regimes are being refined to optimise recoveries from the different ore types which occur at Prominent Hill. Recoveries from chalcocite-dominant ores were up to 86% in September but quarterly averages were impacted by lower recoveries from bornite-dominant ores in late July and early August. It is anticipated that with further alteration to reagent regimes and ore blending average recoveries of 88% in the chalcocite-dominant ore and 80% in the bornite-dominant ore can be achieved in future. The average recovery will depend on the blend of ore fed to the mill.

Export deliveries of over 50,000 tonnes of copper concentrates were made to customers in China, Europe and India.

TABLE 1  
PROMINENT HILL PRODUCTIONS STATISTICS

		SEPT QTR '09	YTD 09
MINED	ORE (TONNES)	1,569,800	6,197,617
	WASTE (TONNES)	8,877,954	27,452,300
MINED GRADE	COPPER (%)	1.7%	1.4%
	GOLD (G/T)	0.9	0.8
	SILVER (G/T)	4.4	3.6
ORE MILLED	(TONNES)	1,734,990	4,252,385
	MILLED GRADE COPPER(%)	2.0%	1.9%
	GOLD (G/T)	0.6	0.6
RECOVERY	SILVER (G/T)	4.9	4.4
	COPPER (%)	81%	76%
	GOLD (%)	65%	60%
COPPER CONCENTRATE PRODUCED	SILVER (%)	80%	60%
	TONNES	51,115	108,678
	CONCENTRATE GRADE COPPER (%)	55%	55%
CONCENTRATE GRADE	GOLD (G/T)	12.8	12.9
	SILVER (G/T)	134.4	103.1

CONTAINED METAL IN CONCENTRATES	COPPER (TONNES)	28,316	59,813
	GOLD (OZ)	21,091	45,009
	SILVER (OZ)	220,816	360,241
TOTAL CONCENTRATE SOLD	TONNES	55,156	91,297

## Costs

Average unit C1 cash costs for the quarter of US73c/lb remained within annual guidance of US65c/lb to US75c/lb. Impacting unit costs was downtime associated with unplanned maintenance activities. Cash costs were impacted by a stronger AUD:USD exchange rate, however this was partly offset by approximately 20% of the company's costs being denominated in US dollars and higher by-product credit commodity prices. Other direct cash costs mainly comprise ore inventory adjustments. Guidance has been refined to US70c/lb to US75c/lb for the year.

TABLE 2  
PROMINENT HILL COSTS (US CENTS PER LB)

	SEPT QTR '09	YTD 09
MINING COSTS	44.2	74.0
TOTAL SITE PROCESSING COSTS	22.0	20.5
TC AND TRANSPORT	25.2	25.2
NET BY-PRODUCT (INCLUDING PROCESSING TC/RC/TRANSPORT)	(36.0)	(34.8)
OTHER DIRECT CASH COSTS	18.0	(9.9)
<b>TOTAL C1 COSTS</b>	<b>73.4</b>	<b>75.0</b>
ROYALTIES	4.0	3.6
OTHER INDIRECT COSTS	2.1	5.8
<b>TOTAL CASH COSTS</b>	<b>79.5</b>	<b>84.4</b>
DD&A	37.8	30.2
OTHER NON CASH COSTS	(-0.2)	0.5
<b>TOTAL PRODUCTION COSTS</b>	<b>117.1</b>	<b>115.1</b>

**Note:** All costs are on a units of payable production basis. Costs are prepared in line with Brook Hunt cost guidelines and are derived from unaudited management accounting reports which may be subject to subsequent revision. By product credits for unit cost calculations are prepared in line with Brook Hunt guidelines and are based on the notional sales revenue, whereby actual production for the quarter is multiplied by the average price for the quarter.

## DEVELOPMENT

### PROMINENT HILL UNDERGROUND FEASIBILITY STUDY

In June 2009, work resumed on the feasibility studies into underground mining at Prominent Hill.

The Indicated Resources adjacent to and below the existing open pit are the subject of a Full Feasibility Study. This study is due for completion in the first quarter of 2010, which if favourable, will allow first production from an underground operation, concurrent with the open pit, in 2013.

The Western Copper mineralisation, located 800 metres to the west of the open pit, is subject to a Scoping Study.

As part of these studies a 29,000 metre drilling program is underway, designed to convert the Western Copper

Inferred Resources to Indicated status and to test for extensions to both deposits to the east, west and at depth.

During the period, four drill rigs were in operation at the Western Copper deposit with 25 holes and approximately 12,000 metres drilled to date.

While the majority of assay results are pending, early visual indications from the drilling program appear to confirm the existing resource interpretation at the Western Copper deposit.

Testwork undertaken on the proposed underground resource material has indicated similar metallurgical performance to that achieved with ore from the open pit.

Initial designs of the underground mine have been completed with tenders for the mining contract to be sought in the current quarter.

Mine scheduling, infrastructure planning and cost estimation is ongoing. Permitting is underway with a draft Mining and Rehabilitation Plan (MARP) submitted to Primary Industry and Resources South Australia (PIRSA). Studies to confirm additional water resources have also commenced.

## EXPLORATION

### PROMINENT HILL REGIONAL EXPLORATION

A drilling program is currently in progress and designed to test 22 targets identified on the 4,000 kilometre square Prominent Hill tenement package.

Twelve holes (4,852 m), were drilled into six targets for the quarter. Varying amounts of minor visual copper mineralisation with associated broader haloes of alteration, indicative of iron-oxide-copper-gold (IOCG) systems, was recorded in several holes. Assays are currently pending.

At Nichol Well, seven kilometres southeast of Prominent Hill, drilling targeted a 500 metre by 200 metre magnetic feature that contains similar magnetic characteristics to those observed at Prominent Hill. Drilling intersected a wide zone of IOCG-style alteration and associated zones of disseminated sulphides, over intervals 149 to 220 metres, 231 to 251 metres and 424 to 430 metres. A gravity survey has since been completed over this prospect to help define further targets.

At Zeus Prospect, three holes were drilled to test a combination of gravity and magnetic features. The first two holes intersected apparently unmineralised mafic intrusive rocks. The third hole intersected both felsic and mafic intrusives which contain broad zones of IOCG-style alteration including a 2.5 metre interval of massive sulphide mineralisation.

At Triton Prospect, drilling intersected zones of brecciated and altered volcanic rocks containing minor amounts of visible copper sulphides with associated magnetite, hematite, barite and fluorite alteration.

At Larissa Prospect, lithologies similar to those in the Prominent Hill mine sequence were intersected, however minimal visual mineralisation was identified.

Drill testing is planned to continue for the current quarter incorporating further detailed gravity surveys and trial Induced Polarisation surveys to help better define existing and new drill targets.

**CAMBODIA**

A significant drilling campaign commenced at the Okvau prospect in north-east Cambodia during the period. The aim of this program is to expand on previous encouraging drilling results and to allow definition of a JORC Code compliant Inferred gold Resource. The planned 6,200 metre program was approximately 60% complete by the end of the period with nine holes drilled.

An initial Resource estimate will be completed during Q1 2010. Better results received during the period include:

DD09OKV024

18m at 4.22g/t Au from 310m

18m at 5.19g/t Au from 360m

4m at 6.74g/t Au from 388m

DD09OKV025

13m at 2.61g/t Au from 13m

2m at 5.6g/t Au from 129m

DD09OKV026

1m at 34.9g/t Au from 228m

1m at 12.6g/t Au from 235m

DD09OKV027:

5m @ 5.93 g/t Au from 25m

2m @ 16.20 g/t Au from 113m

4m @ 7.50 g/t Au from 125m

3m @ 10.20 g/t Au from 153m

5m @ 3.00 g/t Au from 217m

2m @ 15.60 g/t Au from 233m

7m @ 4.80 g/t Au from 243m

DD09OKV028:

3m @ 10.56 g/t Au from 55m

6m @ 1.77 g/t Au from 65m

5m @ 5.58 g/t Au from 145m

7m @ 2.36 g/t Au from 247m

3m @ 4.15 g/t Au from 272m

DD09OKV029:

2m @ 4.38 g/t Au from 221m

7m @ 7.87 g/t Au from 255m

DD09OKV031:

11m @ 1.18 g/t Au from 0m

2m @ 9.45 g/t Au from 14m

5m @ 2.14 g/t Au from 24m

4m @ 4.03 g/t Au from 69m

An early stage metallurgical program was initiated to establish recoveries possible from the gold mineralisation.

Work also commenced on the Area 6 prospect located 12km from Okvau. Rock-chip sampling returned some high grade gold mineralisation including 14.7g/t and 13.5g/t with results averaging 1.7g/t.

Initial reconnaissance work commenced on a new project called O Khlek Khlok, located 50 kilometres west of Okvau.

No work was completed at Ou Anlong during the period.

OZ Minerals withdrew from the Phnom Chi JV during the period.

**MARKETING**

Copper prices averaged US\$2.65/lb for the quarter, up 25% on the previous quarter. While prices were falling towards the end of September due to concerns about reduced demand from China and evidence of rising inventory levels, warehouse stocks remained at relatively low historical levels. Global copper mine production continued to be impacted by interruptions at a number of operations.

The physical concentrates market remained tight with spot TC/RC's remaining in the low US\$20/2 level.

The gold price continued to rise throughout the quarter averaging US\$960/oz. The price reached record highs in September and into October and closed the period at US\$999/oz.

**PROVISIONAL PRICING**

At 30September, a total of 15,024 tonnes of payable copper had been provisionally priced at a weighted average price of US\$5939/t (US\$2.69/lb). This will be finally priced during the fourth quarter.

**CORPORATE****BOARD AND MANAGEMENT CHANGES**

In July, Paul Dowd was appointed to the Board as a Non-Executive Director.

In August, newly appointed Managing Director and CEO Terry Burgess commenced with OZ Minerals. A regular share purchase program was established to allow Mr Burgess to make regular after-tax, on-market purchases of shares in OZ Minerals.

Executive General Manager Exploration and Business Development, Antony Manini, who left the company in October has been replaced by the internal appointments of Richard Hedstrom as Head of Business Development and Tony Houston as Head of Exploration.

**CHANGE OF ADDRESS**

OZ Minerals Melbourne office will move to Level 10, 31 Queen Street Melbourne 3000, in December 2009.

**SHARE SALE FACILITIES**

In July, OZ Minerals initiated two share sale facilities which allow shareholders with small shareholdings to sell their shares cost effectively and simply and to assist the company in reducing costs associated with servicing smaller holdings.

**Unmarketable Parcel Sale Facility**

Shares held by shareholders with a shareholding equivalent in value to or below A\$500, deemed an "unmarketable parcel" of shares, will be sold on market and the proceeds remitted to the shareholder at zero cost. Shareholders who wish to retain their unmarketable parcels of shares must "opt-out" by filling out their forms and sending them to Link Market Services by 19 October 2009.

**Voluntary Share Sale Facility**

The Voluntary Share Sale Facility is available to shareholders who have holdings that are above the unmarketable parcel level of A\$500 but equal to or less than 5,000 shares. These holders are able to sell their holdings free of all brokerage charges by "opting-in" via

filling out their forms and sending them to Link Market Services by 19 October 2009.

For further information contact Link Market Services on 1300 306 089 (within Australia) or on +61 2 8280 7763 (outside Australia).

#### **TORO PLACEMENT**

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OZ Minerals owns approximately 49% of the shares in listed uranium explorer Toro Energy Limited. During the period Toro announced a share placement intending to raise A\$40 million. As part of this placement, OZ Minerals intends to subscribe to 133 million shares at a cost of A\$20 million to maintain its 49% interest.

#### **STATEMENT OF CLAIM LODGED**

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In early October, a Class Action claim was served on the Company in relation to its continuous disclosure obligations during the period 21 August to 30 November, 2008 for an unquantified amount.

As previously stated the Company will vigorously defend the claim.

#### **SHARE REGISTRY**

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#### **CORPORATE INFORMATION**

##### **ISSUED SHARE CAPITAL AT OCTOBER 14, 2009**

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ORDINARY SHARES 3,121,339,730

UNLISTED OPTIONS 6,575,404

US\$105,000,000 of convertible bonds outstanding, which represents 114,379,085 shares to be issued.

##### **SHARE PRICE ACTIVITY FOR THE SEPTEMBER QUARTER**

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HIGH \$1.215

LOW \$0.85

LAST \$1.30 (14 OCTOBER 2009)

AVERAGE DAILY VOLUME 22.194 MILLION SHARES

##### **REGISTERED & PRINCIPAL OFFICE**

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OZ MINERALS LIMITED  
WITHIN THIS STATEMENT REFERENCES TO EXPLORATION RESULTS HAVE BEEN APPROVED  
FOR RELEASE BY IMR M VAN ECK MSC, MEMBER OF AIG, WHO IS A COMPETENT PERSON AS  
DEFINED BY THE JORC CODE (2004). HE HAS CONSENTED TO THE INCLUSION OF THE  
MATERIAL IN THE FORM AND CONTEXT IN WHICH IT APPEARS.