

# First Quarter Report 2017

FOR THE THREE MONTHS ENDING 31 MARCH 2017

<b>OZ Minerals Contained Metal Production</b>	<b>FY 2017 Guidance</b>	<b>Mar 2017</b>
Total Copper (Tonnes)	105,000 - 115,000	25,079
Total Gold (Ounces)	115,000 - 125,000	26,135
C1 Cash Costs (US cents/lb)	85 - 95	100

## Prominent Hill on track. Carrapateena project progressing.

### Q1 update:

- Copper production of 25,079 tonnes and gold production of 26,135 ounces at Prominent Hill.
- Prominent Hill on track for annual guidance. Mine plan sees production ramp up in H2 with completion of second permanent underground decline in Q3.
- Power Purchase Agreement (PPA) in place for Prominent Hill.
- New exploration earn-in agreements signed targeting sites in Portugal and Mexico.

### Carrapateena and Concentrate Treatment Plant project update:

- Project timeline and economics for Carrapateena remain as per the Pre-Feasibility Study (PFS) released in November 2016.
- Carrapateena update brought forward – move to Early Contractor Involvement (ECI) model to lock in pricing and advance schedules.
- Key Carrapateena appointments made including Project Management partner, site operations General Manager and Technical Services Manager.
- All three Carrapateena critical threats identified in PFS now reduced including the signing of a power Transmission Connection Agreement (TCA).
- Preferred site for Concentrate Treatment Plant (CTP) secured near Port Augusta.

"The last quarter has seen us implement our mine plan to enable a lift in production at Prominent Hill in H2, begin to execute our power strategy, grow our exploration pipeline and build-in additional certainty for our Carrapateena project.

### Q1 update

Prominent Hill quarterly production was impacted by heavy rainfall early in the year, but we remain on track to achieve annual copper and gold guidance. The mine plan sees production ramp up in the second half of the year benefiting from completion of the second permanent underground decline in Q3. It will provide additional haulage access and an associated uplift in production.

We have also entered into an 18-month PPA for Prominent Hill from mid-2017. This agreement, which is in line with our cost guidance, provides certainty while allowing for future optionality as new State, Federal and market initiatives come on stream.

Our exploration pipeline grew this quarter to eight earn-in agreements with new partnerships targeting prospects in Portugal and Mexico.

## **Carrapateena and CTP project update**

Our Carrapateena project is proceeding at pace. Project economics and the schedule, which sees the mine produce commercial ore in H2 2019, remain as announced in the PFS Executive Summary in November 2016.

Given the Board's confidence in the project, the total approved budget from 1 July 2016 is now increased to \$90 million. As of 31 March, \$53 million has been spent, with the additional \$37 million for work including continued decline construction, further mine design optimisation to bring it to feasibility study level, and to accelerate all other non-mining Carrapateena work packages via an ECI model.

It is expected all packages will be at feasibility study level of definition and ECI packages ready to execute in Q3. At this time the Board will be in a position to consider the next phase of funding pending regulatory approvals.

Under the ECI model, appointed contractors undertake design, engineering and construction of key aspects of the mine on an open book basis prior to entering a fixed price contract. ECI allows us to lock in pricing and potentially accelerate the commitment phase of the project schedule. Due to the requirement for commercial sensitivity in the ECI process and the further mining study work required, we have brought forward and truncated the content of the announcement previously scheduled for 28 April.

The tender processes and market engagement undertaken so far have given us the confidence to enter into the ECI process, leveraging our agile approach to move quickly to reduce risk and take advantage of a competitive point in the contractor cycle. It will provide increased certainty in costings, project definition and constructability.

As we move through the study phase towards execution, key appointments have been made. International engineering procurement and construction firm, KBR, has been appointed to project manage Carrapateena. A General Manager Carrapateena Operations has joined the OZ Minerals team to ensure operational readiness and alignment through the construction phase along with the hiring of a Technical Services Manager.

At the Carrapateena site, the Tjati Decline has now reached 1,202 development metres and depth of 166 metres. The profile has been narrowed in line with the dual decline footprint we are now deploying. We have reduced the three critical threats identified in the PFS - power, water and caveability. A TCA has been signed for Carrapateena. A corridor for the transmission line has also been identified in partnership with key stakeholders.

A dedicated Project Director for CTP has been appointed and land has been purchased near Port Augusta, which is now the preferred location for the CTP. The schedule for the CTP component may change depending on forthcoming study outcomes. Previously approved CTP expenditure will fund works through to Q3."

A handwritten signature in black ink, appearing to read 'Andrew Cole'.

**Andrew Cole, Managing Director and CEO**

## SOCIAL PERFORMANCE

OZ Minerals' total recordable injury frequency rate per million hours worked was 6.18 at the end of March 2017 compared to 6.80 at the end of the prior quarter. Prominent Hill's underground recorded two months' injury free during Q1, demonstrating the effectiveness of the current integrated safety improvement plan.

Prominent Hill has engaged Coober Pedy emergency services providers to align response protocols and started the planning and implementation of the 2017 Healthy Lifestyle Program with SANO Health. Endorsement was also received for the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation led Workready Employment Program providing support for traditional owner employment across Prominent Hill, including our contract partners.

Native Title Mining Agreement (NTMA) negotiations are advancing for the Carrapateena project with a three-day workshop held onsite with the Kokatha Board and OZ Minerals executive committee.

The Environmental Protection Biodiversity and Conservation Act 1999 (Cth) referral for Carrapateena was submitted in March. Following a four-week consultation and assessment, the project was declared a 'controlled' action and the Mining Act 1971 (SA) nominated as the assessment path going forward. Processes are now underway to formalise any bilateral agreements between the State and Federal Government prior to formal submission of the Mining Lease Proposal.

## PROMINENT HILL OPERATIONS

### Overview

The first quarter saw Prominent Hill produce 25,079 tonnes of copper and 26,135 ounces of gold. Despite severe weather events experienced in January, production remains on track to achieve annual guidance.

All-In Sustaining Costs (AISC) and C1 costs were high but are expected to reduce to guided levels, partly enabled by the second permanent access decline due for completion in Q3, which will support increased haulage and production through the second half of the year.

An 18-month PPA was signed during the quarter, providing price certainty to the end of 2018. Increased costs associated with the new agreement were in line with escalated cost assumptions already embedded in previously issued guidance.

For operating and cost statistics please refer to Tables 1 and 2 on pages 11 and 12 of this report.

### Mining

#### Open Pit

Ore mined in the quarter was 3.7Mt, consisting of 3.4Mt of copper-gold ore and 0.3Mt of gold only ore. Waste movement of 2.3Mt was 20 per cent below the prior quarter.

The strip ratio decreased to 0.6:1 from 0.7:1 in the prior quarter in-line with the mine plan, and will continue to reduce through the year for a full year ratio of 0.5:1 times as guided.

There were two separate severe weather events during January, which required 65ML of water to be pumped from the base of the open pit via LOM dewatering infrastructure and water trucks, running in parallel to mining activities.

Planning has been completed for the next open pit demobilisation of one excavator and associated truck fleet of five, which remains on schedule for Q2 2017. This will result in the final fleet consisting of 12 trucks and a smaller primary excavator.

## Underground Operations

Underground operations delivered 506kt of high-grade ore at 1.84 per cent copper, with annual ore mined expected to remain within the full year guidance range. Ore tonnage hauled was higher in the previous quarter due to temporary haulage access at the base of the pit to the run-of-mine pad and waste dump, which has since reverted to long term underground ventilation infrastructure.

The second permanent decline access continued to progress well with 827 metres of decline development (1,030 metres inclusive of associated infrastructure development) completed to date. Development completion is scheduled for Q3 2017, supporting increased haulage and production in H2 2017.

Following the power outage experienced in Q4 2016, significant increases to stope filling activity were undertaken during the quarter with record quarterly backfill volumes placed underground.

High grade gold ore produced and stockpiled during the quarter has provided an opportunity to flex gold mill feed grades higher in the remainder of 2017.

Two additional haulage trucks will be mobilised to facilitate the increased underground production profile through H2 2017. Further detailed planning is also underway to ensure impacts from open pit interaction are mitigated and haulage efficiencies maximised.

## Processing

There was 2.4Mt of ore milled for the quarter, which was three per cent higher than Q4. The scheduled concentrator shutdown was completed safely, on time and budget, with excellent availability post shutdown as demonstrated through zero downtime in March.

Plant recoveries continued to be high at 87 per cent for copper and 72 per cent for gold. Lower quarter on quarter gold recoveries reflect a lower head grade, with gold sourced from copper ore only in the quarter. Copper content in concentrate produced was 46 per cent with gold at 15 g/t. Lower quarter on quarter copper head grade reflected the reduced underground tonnages treated and lower open pit grades. Both copper and gold head grades are expected to increase in the near term to improve metal in concentrate outputs.

## Costs

C1 cash costs of US 100c/lb and AISC of US 135c/lb were impacted by less payable copper produced during the quarter, but remain on track to meet annual guidance.

Costs were higher primarily due to higher mining costs, a smaller mining deferral and higher processing costs. This was partially offset by lower TC/RC and transport costs and a smaller ore inventory adjustment.

Elevated mining costs were largely driven by significantly increased stope filling activity following the interruption due to the power outage in Q4 2016 with record quarterly backfill volumes placed underground.

Open pit mining unit costs were below guidance at \$6.74/t for the quarter despite the impact of two significant wet weather events on hauled tonnes during January. With the open pit fleet demobilisation scheduled for Q2, open pit unit costs are expected to increase in-line with annual guidance.

The lower strip ratio this quarter compared to the prior quarter resulted in a smaller mining cost deferral. The full year stripping ratio is expected to reduce to circa 0.5:1 for 2017.

First quarter underground operating costs of \$65/t were above full year guidance with more stope filling and less ore hauled as the opportunity to short haul through the temporary access was limited to Q4 2016. The planned completion of the second underground decline in Q3 will enable increased production in the second half and reduce underground operating unit costs down to the guided range of \$50 to \$60/t for the year.

## Sales and Marketing

Shipments of Prominent Hill concentrates for the quarter totalled 41,889 dry metric tonnes, containing 18,647 tonnes of copper, 25,590 ounces of gold and 142,567 ounces of silver.

## CARRAPATEENA AND CTP PROJECT

### Carrapateena Overview

Carrapateena is proceeding at pace. The project economics and the schedule, which sees the mine produce commercial ore in H2 2019, remain as published in the PFS in November 2016.<sup>1</sup>

The Board has approved the move to an ECI model whereby appointed contractors will undertake design, engineering and building of key aspects of the Carrapateena mine. This will lock in pricing and potentially accelerate the schedule because of their earlier involvement.

The Board also approved additional funding to continue decline construction and finalise the ECI strategy along with further mine design optimisation, which is not yet at feasibility study level.

It is expected all packages will be at feasibility study level of definition and ECI packages ready to execute in Q3. At this time, the Board will be in a position to consider the next phase of funding pending regulatory approvals.

We therefore envisage releasing an update on the project in Q3, which will contain a summary of all work packages at feasibility study level, status of ECI outcomes, a forward schedule and updated financial metrics of the Carrapateena project.

### Early Contractor Involvement

Under an ECI model, parcels of work are apportioned to experienced head contractors who submit a fixed maximum price and timeline for each parcel. Successful contractors are also responsible for delivering local content and traditional owner involvement in line with OZ Minerals' expectations.

The opportunity to move to an ECI model was enabled by the agile approach to developing the project, which identified the opportunity to improve cost and schedule outcomes by locking in agreements with contractors earlier than previously anticipated. This process reduces risk and provides increased project certainty.

### Appointments

As the project moves towards execution, international engineering procurement and construction firm, KBR will partner with the OZ Minerals team to project manage Carrapateena. Blake Cannavo of KBR who will lead this team is an accomplished Project Director with more than 25 years' experience in mining and construction both within Australia and internationally. His track record in project execution includes delivery of a diverse range of projects valued up to \$10 billion including Fortescue Metals' Solomon Mine, Hancock Prospecting's Roy Hill Mine and also the LGL Lihir Gold Mine in Papua New Guinea.

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<sup>1</sup> See Carrapateena Pre Feasibility Study Executive Summary, 07 November 2016

Myles Johnston has been appointed General Manager, Carrapateena Operations, to ensure operational readiness and alignment throughout construction. Myles has 30 years' experience locally and internationally in the mining sector. His recent roles include Chief Operating Officer at copper-focused Lighthouse Minerals and a long career at MIM/Xstrata/Glencore where he led the feasibility study of the Ernest Henry underground project and was then responsible for the successful construction of the sub-level caving operation, which shares many similarities with Carrapateena.

### Operational Update

The Tjati Decline has reached 1,202 development metres and a depth of 166 metres and is progressing at the planned development rate. Progress was temporarily affected by water as the decline moved through the shallow Tent Hill Aquifer but has now regained momentum having moved into Woomera shale.

The profile has been narrowed in line with the dual decline layout being developed. The second decline will be parallel to the existing Tjati Decline and initially provides ventilation and emergency egress and, at later stages of the project, a separate pathway for the ore conveyor from the mobile fleet. The dual smaller decline approach is cost neutral with the removal of a number of previously included vent rises, but the change provides a significantly lower risk profile for the project and increases future operational flexibility and productivity.

### Project progress report

The majority of work packages have now reached feasibility study level. However, the company has determined the external report provided on mining was not at the level it expected and has since appointed new consultants.

The new consultants will work closely with the recently appointed Technical Services Manager to undertake further mine design work, which will now also incorporate the second decline, the relocation of the temporary surface crusher underground and other identified schedule and production optimisations.

### Progress highlights:

The three critical threats in the PFS have now been reduced:

- **Power** – TCA with ElectraNet signed, conditional on detailed engineering by July
- **Water** – Significant water supply identified with drilling to continue to identify cleaner and closer water sources
- **Caveability** – Good progress made with cave propagation via advanced pre-conditioning now confirmed

Further progress includes:

- A new lower risk more versatile dual access decline layout deployed
- Conversion of 46 per cent of the resource to the Measured classification
- Justification to remove the temporary surface crusher and install a third permanent underground crusher for early production capacity
- A staged technology implementation strategy developed
- Tenders received and interviews conducted with EPC tenderers for construction of the processing plant
- Updated design of the Tailings Storage Facility issued to market and budget pricing received
- Alignment of both the western access road and the power line in partnership with the Kokatha Aboriginal Corporation and other stakeholders
- Design of non-process infrastructure including the accommodation village

- EPBC referral lodgement complete and further regulatory approvals progressing. Lodgement of the mining lease proposal is imminent and will allow the State and Federal governments to complete their assessments
- Advancement of the NTMA with the Kokatha Aboriginal Corporation

#### **Q2-Q3 Schedule - Carrapateena:**

- Reduced number of ECI packages refined
- Partner organisations selected for each ECI package
- All packages progressed to feasibility study level with partner
- Further risk assessment and management
- Complete NTMA with the Kokatha Aboriginal Corporation
- Mining Lease Application lodged with State Government
- Community consultation
- Board to consider further funding pending regulatory approvals

#### **Concentrate Treatment Plant overview**

The schedule for the CTP component may change depending on forthcoming study outcomes.

The CTP is now being managed as a separate but interdependent project led by Brett Triffett, former combined Carrapateena and CTP Project Director. At this point in their respective development cycles both projects will benefit from dedicated management, specific skills sets and contracting styles.

Engineering and test work for the CTP has been conducted. CTP optimal size is under review, with the opportunity to process Prominent Hill ore being explored. A parcel of land has been purchased near Port Augusta, now the preferred location, with waste returned to Carrapateena. While the other sites, including Whyalla, have not been excluded, baseline test work and community consultation will be focused on the Port Augusta site.

The CTP studies are progressing on a different development timeline to Carrapateena as a result of the detailed engineering and optimisation work required.

The CTP process is being pursued as part of the company's customer-centric strategy. The CTP process is expected to be a strategic differentiator that will produce a very high-grade clean concentrate which de-risks against future regulatory changes.

#### **Q2-Q3 Schedule - CTP:**

- Progress Engineering and test work
- Review Optimum CTP size - opportunity to process Prominent Hill material
- Fabrication of titanium clad plate for NONOX autoclave
- Community consultation
- Approval pathways defined

## Approved expenditure for Carrapateena and CTP

The Board has increased approved project expenditure from 1 July 2016 to \$90 million. The approved expenditure was included in the pre-production capital of \$980 million announced at PFS stage and is not an additional cost.

At 31 March, \$53 million of that approved expenditure had been spent with \$37 million remaining to fund access decline development, further studies in the mining area, CTP studies, additional water exploration and infrastructure and, final scope definition on key ECI packages through Q3.

Expenditure to 31 March is approximately \$31 million lower than anticipated due to a combination of cost savings, timing and project scope changes.

As previously announced all Carrapateena and CTP expenditure is being capitalised from 1 July 2016.

## WEST MUSGRAVE PROJECT

The further scoping study is advancing well with focus on metallurgical recovery and increases to operational scale to optimise the project parameters.

In preparation for the upcoming work programs, the onsite camp has been reopened. All heritage and environmental approvals have been obtained allowing drilling to commence.

A resource extension drilling program will commence in late April testing Nebo and Babel for potential high-grade extensions. The program will consist of approximately 1,800m and test a number of zones supported by coincident electromagnetic (EM) anomalies.

Infrastructure studies have commenced in the areas of energy, water and transport logistics.

WSP-Parsons Brinckerhoff have been secured to complete the Energy Study assessing the suitability of renewable and conventional fuel options.

A water study conducted by CDM Smith is underway evaluating key water related factors for the project. Two drill holes targeting nearby palaeochannels within the project area will be investigated to determine if they can provide the processing plant with sufficient water requirements. These palaeochannels could provide significant capital cost savings if found to be adequate.

Qube logistics is undertaking a review of transport route options with the aim to recommend a complete supply chain solution, integrating incoming supplies with outgoing products.

Metallurgical test work is currently underway. The results will inform the Process Plant Design, which will start post the completion of flotation test work. GR Engineering, a leader in flotation plant design, has been engaged to design the plant.

Expenditure on the project totalled \$0.6 million for the quarter.

## EXPLORATION AND GROWTH

In April two new international earn-in agreements were signed in Portugal and Mexico. Initial geological work in Mexico and geophysics surveys in Portugal will commence in Q2.

OZ Minerals worked with Red Tiger Resources during the quarter to complete heritage clearances for the Q2 4,000m drill hole program. The program is focussed on testing four geophysical anomalies and the project is located only 30km NW of Carrapateena, ensuring any success can leverage existing infrastructure.



Work on the Eloise project was restricted due to the Queensland wet season. However, land access and heritage clearances were successfully negotiated to enable the ~3,700m Q2 drilling program at the Iris and Electra prospects to commence on cessation of the wet season.

No work was undertaken on the Coompana project as the company awaits the completion of the high-resolution geophysics survey, sponsored by the South Australian Department of State Development and a 12-hole drill program, sponsored by Geological Survey of South Australia in conjunction with Geoscience Australia.

The Yandal One project with Toro Energy completed a 4,000m drill program in Q4 2016. The results from the drilling program are being analysed and integrated into the geological model.

The collaborative venture with Minotaur Resources on the Mt Woods project completed a geological assessment of the ISCG potential. The partners are studying the recommendations and a work program is expected to commence in Q2.

OZ Minerals has taken the decision to re-assess the Khamsin target and, as a result, a Mineral Resource will no longer be stated. Further details are available in the 2016 Annual and Sustainability Report.

Unaudited exploration expenditure for Q1 was \$3.9 million.

## **CORPORATE**

With the move to fully franked dividends and with forthcoming investment decisions due on Carrapateena, the Board decided not to renew the 12-month, \$60 million share buyback program that expired on 26 February. A total of 4.8 million shares were purchased for a total consideration of \$29.9 million at an average price of \$6.23 per share.

The gold hedging strategy implemented in April 2016 was extended by another 19,170 ounces during the quarter, bringing the total amount of gold hedged to 219,433 ounces at an average price of A\$1,733/oz. Full exposure to the spot gold price continues to be maintained until mid-2018.

The implementation of a new Governance Model to simplify policies and standards throughout the organisation continued during the quarter with the release of the OZ Minerals performance standards. The new model will allow the company to operate as a lean, agile business, ensuring readiness for a future that could involve multiple assets.

As part of a Board renewal program to support the next phase of the Company's growth, two new Non-Executive directors, Peter Tomsett and Tonianne Dwyer, were appointed to the board in the quarter. Current Non-Executive Director, Rebecca McGrath is to succeed Neil Hamilton when he retires at the Annual General Meeting. Paul Dowd will also step down at that time.

## 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](http://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 2017

Ordinary Shares	298,664,750
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### Share Price Activity for the March Quarter (Closing Price)

High	\$9.83
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Low	\$7.83
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Last	\$7.24 (20 April 2017)
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Average daily volume	2.6 million shares
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## OZ Minerals Prominent Hill Production and Costs

Table 1: Operating Statistics

		Q1 2017
MINED (TONNES)	MALU OP COPPER-GOLD ORE	3,406,525
	MALU OP GOLD-ONLY ORE	306,627
	UNDERGROUND TOTAL ORE	505,835
	OP WASTE	2,271,226
MINED GRADE SOURCE		
MALU OP - COPPER-GOLD ORE	COPPER (%)	0.98
	GOLD (G/T)	0.50
MALU OP - GOLD-ONLY ORE	COPPER (%)	0.10
	GOLD (G/T)	0.74
UNDERGROUND - TOTAL ORE	COPPER (%)	1.84
	GOLD (G/T)	0.69
ORE MILLED	(TONNES)	2,398,120
MILLED GRADE	COPPER (%)	1.21
	GOLD (G/T)	0.47
	SILVER (G/T)	3.53
RECOVERY	COPPER (%)	86.8
	GOLD (%)	72.0
	SILVER (%)	72.6
COPPER CONCENTRATE PRODUCED	TONNES	54,264
CONCENTRATE GRADE	COPPER (%)	46.2
	GOLD (G/T)	15.0
	SILVER (G/T)	113.4
CONTAINED METAL IN	COPPER (TONNES)	25,079
CONCENTRATES PRODUCED	GOLD (OZ)	26,135
	SILVER (OZ)	197,803
TOTAL CONCENTRATE SOLD	(DM TONNES)	41,889

Table 2: Operating Costs ('C1 Costs')

US Cents per pound	Q1 2017
Mining costs	103.4
Deferred mining	(4.0)
Ore inventory adjustment	(26.8)
<b>Total Mining costs</b>	<b>72.6</b>
Site processing costs	29.5
TC/RC and transport	49.9
Net By - Product credit	(62.3)
Other direct cash costs	10.5
<b>Total C1 costs</b>	<b>100.2</b>
Royalties	15.9
Other indirect costs	3.6
<b>Total cash costs</b>	<b>119.7</b>
D&A	115.9
Other non-cash costs (D&A capitalised into inventory)	(41.4)
Net realisable value adj. - low grade gold ore	5.7
<b>Total production costs</b>	<b>199.9</b>

Table 4: Guidance

<b>GUIDANCE</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>PROMINENT HILL:</b>			
COPPER PRODUCTION*	105,000 - 115,000 TONNES	90,000 - 100,000 TONNES	90,000 - 100,000 TONNES
GOLD PRODUCTION*	115,000 - 125,000 OUNCES	120,000 - 130,000 OUNCES	120,000 - 130,000 OUNCES
OPEN PIT TOTAL MOVEMENT	15Mt - 20MT	< 5MT	
OPEN PIT STRIP RATIO	CIRCA 0.5 TIMES	CIRCA 0.25 TIMES	
OPEN PIT UNIT MINING COSTS**	\$7.25 - \$7.75/TONNE		
UNDERGROUND ORE MOVEMENT	2.3 - 2.6MT		
UNDERGROUND UNIT MINING COSTS**	\$50 - \$60/TONNE		
UNDERGROUND CAPITAL EXPENDITURE	\$45 - \$55 MILLION (INC. DEVELOPMENT)		
SITE SUSTAINING CAPITAL EXPENDITURE	\$15 - \$20 MILLION		
ALL IN SUSTAINING COST	US 120c – US 130c/lb		
C1 COSTS (OP & UG)	US 85c – 95c/lb		
<b>OTHER:</b>			
EXPLORATION	\$10 - \$15 MILLION		
WEST MUSGRAVE SCOPING STUDY	CIRCA \$3 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 for the Prominent Hill Underground only are based on:

Proved Ore Reserve	47%
Probable Ore Reserve	33%
Measured Mineral Resource	0%
Indicated Mineral Resource	4%
Inferred Mineral Resource	16%

Production Targets for the entire Prominent Hill asset are based on:

Proved Ore Reserve	46%
Probable Ore Reserve	40%
Measured Mineral Resource	0%
Indicated Mineral Resource	3%
Inferred Mineral Resource	11%

The modifying factors used in the estimation of the Ore Reserve were also applied to the Mineral Resources in the generation of the production target. 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.

The Ore Reserve and Mineral Resource Estimate underpinning these Production Targets were prepared by a Competent Person 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 Resources and Reserves is available in the document entitled "Prominent Hill 2016 Mineral Resource and Ore Reserve Statement and Explanatory Notes" which is annexed to the ASX Release entitled "Prominent Hill mine life extended to 2028" released on 15 November 2016 and available at <http://www.ozminerals.com/media/prominent-hill-mine-life-extended-to-2028-and-2016-mineral-resource-and-ore/>. OZ Minerals 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 or 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 Competent Person's findings are presented have not been materially modified from the original market announcement.