



Sydney Mining Club Presentation

Sentiment, fundamentals and strategy

Thursday 2 June 2016



A modern
mining company

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All figures are expressed in Australian dollars unless stated otherwise.

Compliance statements

Production targets for Carrapateena 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 target will be realised. The Carrapateena Mineral Resource estimate announced on 6 October 2015 underpins the production target. The Mineral Resource Estimate underpinning the production target was prepared by a Competent Person in accordance with the JORC Code 2012. The production target 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.

Carrapateena Mineral Resource estimates

The information in this presentation that refers to the Mineral Resource estimate for Carrapateena 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 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 announcement entitled 'Carrapateena: a clear and compelling path to value' announcement released to the market on 26 February 2016 and is available at http://www.ozminerals.com/uploads/media/ASX_Carrapateena_release_and_presentation.pdf and the announcement entitled 'Larger 4 Mtpa Carrapateena boosts value – underground decline to start imminently' released to the market on 6 May 2016 and available at [http://www.ozminerals.com/uploads/media/160506_Carrapateena_4Mtpa_Whyalla_CTP_\(1\).pdf](http://www.ozminerals.com/uploads/media/160506_Carrapateena_4Mtpa_Whyalla_CTP_(1).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.

The information in this presentation that relates to the scoping study detailed within the 'Carrapateena: a clear and compelling path to value' announcement released to the market on 26 February 2016 and is available at http://www.ozminerals.com/uploads/media/ASX_Carrapateena_release_and_presentation.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.

Sentiment is short-term and volatile

We suffer from *emotive* data overload

Apr 7 2016 at 5:28 AM | Updated Apr 7 2016 at 5:28 AM

China's copper hoard clouds demand on

✉ 8+ f t in



Copper Prices Ignited By Chinese Demand Growth

A couple of very important notes for the copper market the last few days. Which have the price for the red metal once again showing unexpected strength.

A key indicator suggests copper prices are near a bottom

Dave Forest, OilPrice.com

Big news in the copper market this week, with the government of Peru saying it has now passed Chile as the world's top supplier of copper to China.

That follows an 81 percent increase in Peru's China-bound exports during January to April of 2016. But despite that change in the rankings, Chile still remains the world's most critical spot when it comes to copper production and this week got...

May 13, 2016 | Kristie Batten

Not a good session for metals

BASE and precious metals took a hit overnight, while iron ore also fell.

Lead tumbled by 3.6% to \$US1704 per tonne, which according to *Bloomberg*, was the biggest one-day drop in four years.

Copper price falls to 3-month low, defies bullish forecasts

Erik Els | May. 19, 2016, 12:32 PM |

SX-EW processing at Chuquibambilla mine in Chile. Source: Codelco

The price of copper in New York fell to its lowest level in more than three months on Thursday as fewer supply disruptions than expected and...

ed 3.3% to \$16,679/t, while nickel lost 2.9% to \$8589/t.

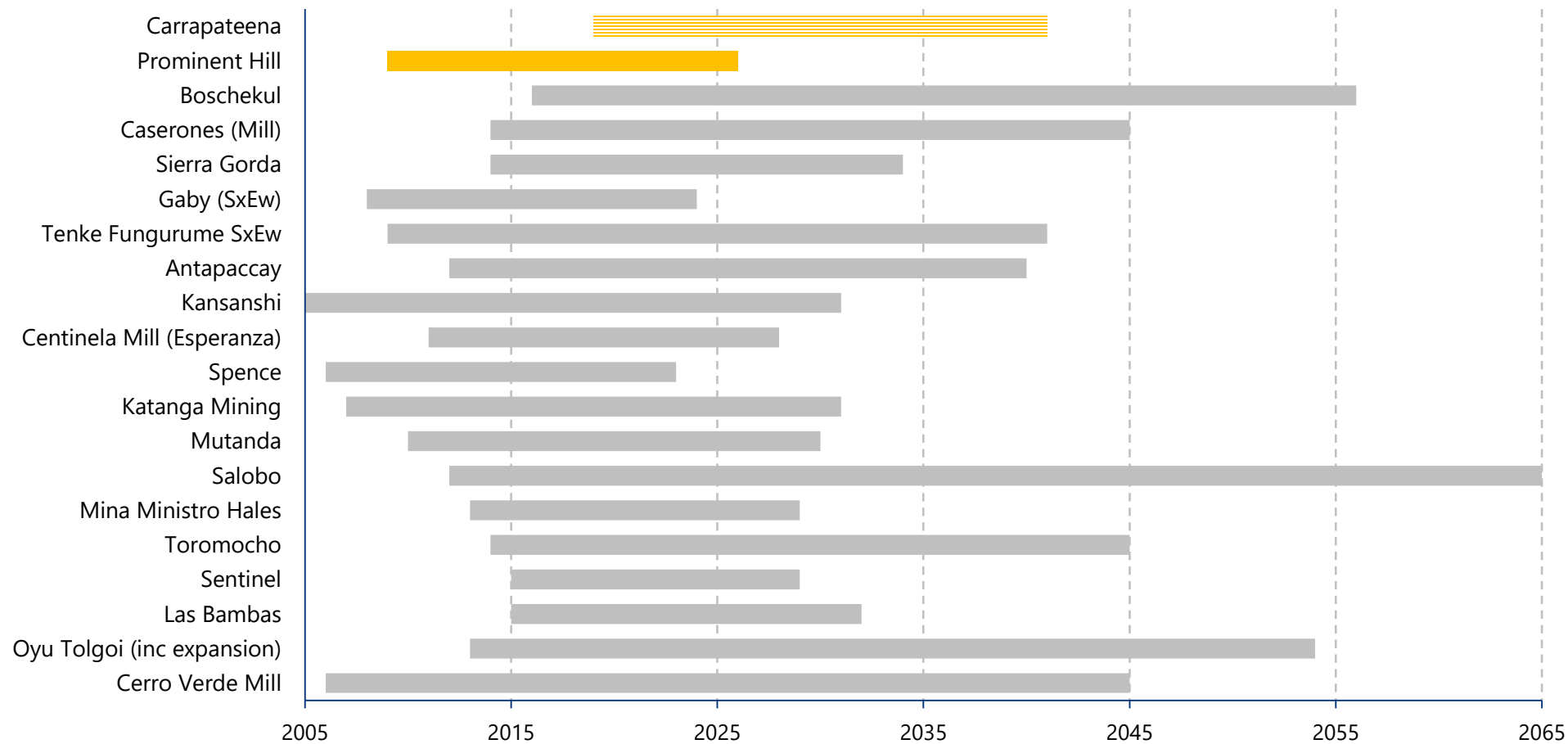
fell 1.9% to \$4627.25/t, its weakest price late February.

ell heavily in London, particularly American, which dropped by nearly

ore the iron ore spot price dropped

Sentiment is important but it shouldn't control decision making

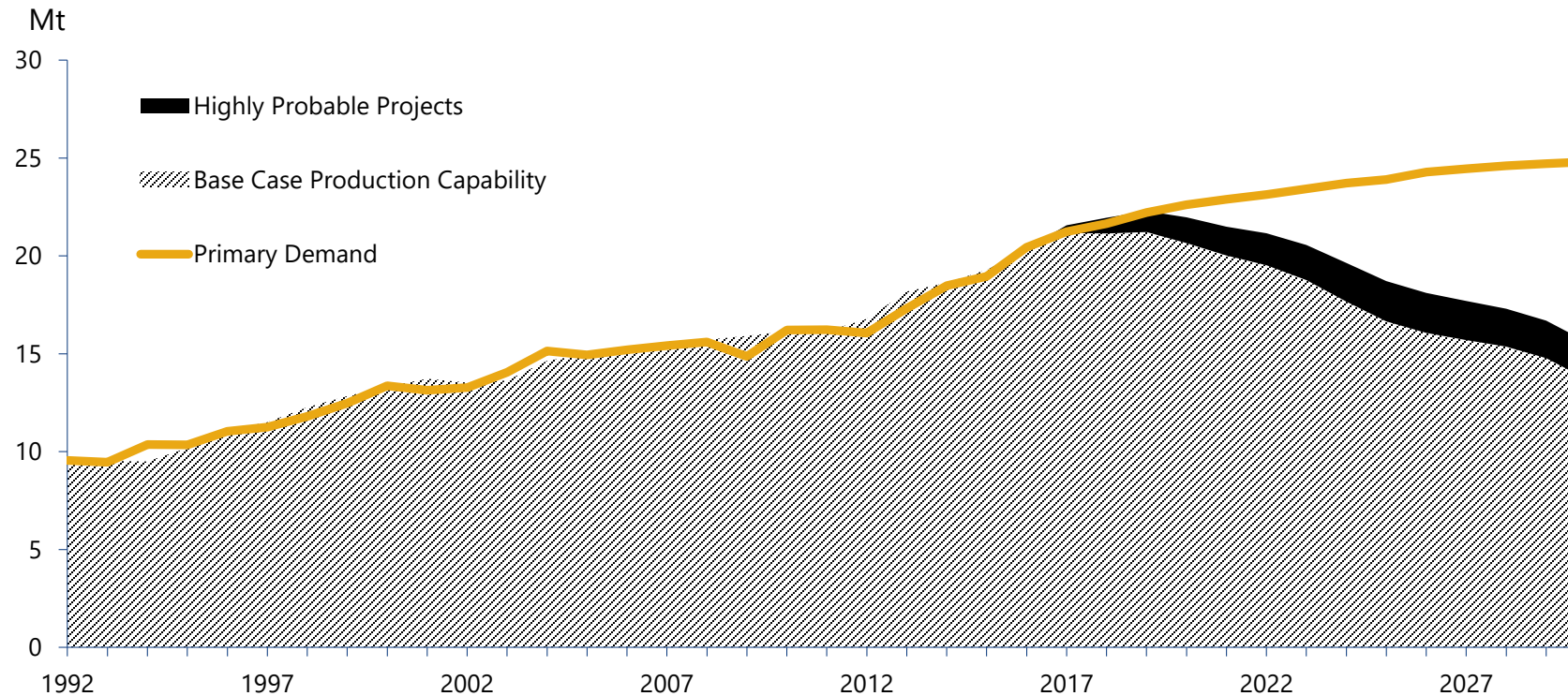
The average life of mine for copper mines commissioned in the past decade is 20 years



Source: Wood Mackenzie

Underlying fundamentals are stable – Supply

Most people agree that copper will be in deficit, the only question is when...



Source: Wood Mackenzie

Highly probable copper mine projects include: Chuquicamata Underground, Kinsenda, Oyu Tolgoi Expansion, Toquepala 60-125kt/d Exp, Toromocho Expansion, Palabora Lift 2, Kilembe, Sierrita Restart, Mopani Deeps, Nova Bollinger, Antas, Dabaoshan, Xiongcun, Aktogay, Altay Polimetally, Cobre Panama (Petaquilla), Bystrinskoe, Oxidos Encuentro SxEw, Kipoi SxEw Expansion, Metalkol SxEw, Lepadaungtaung SxEw

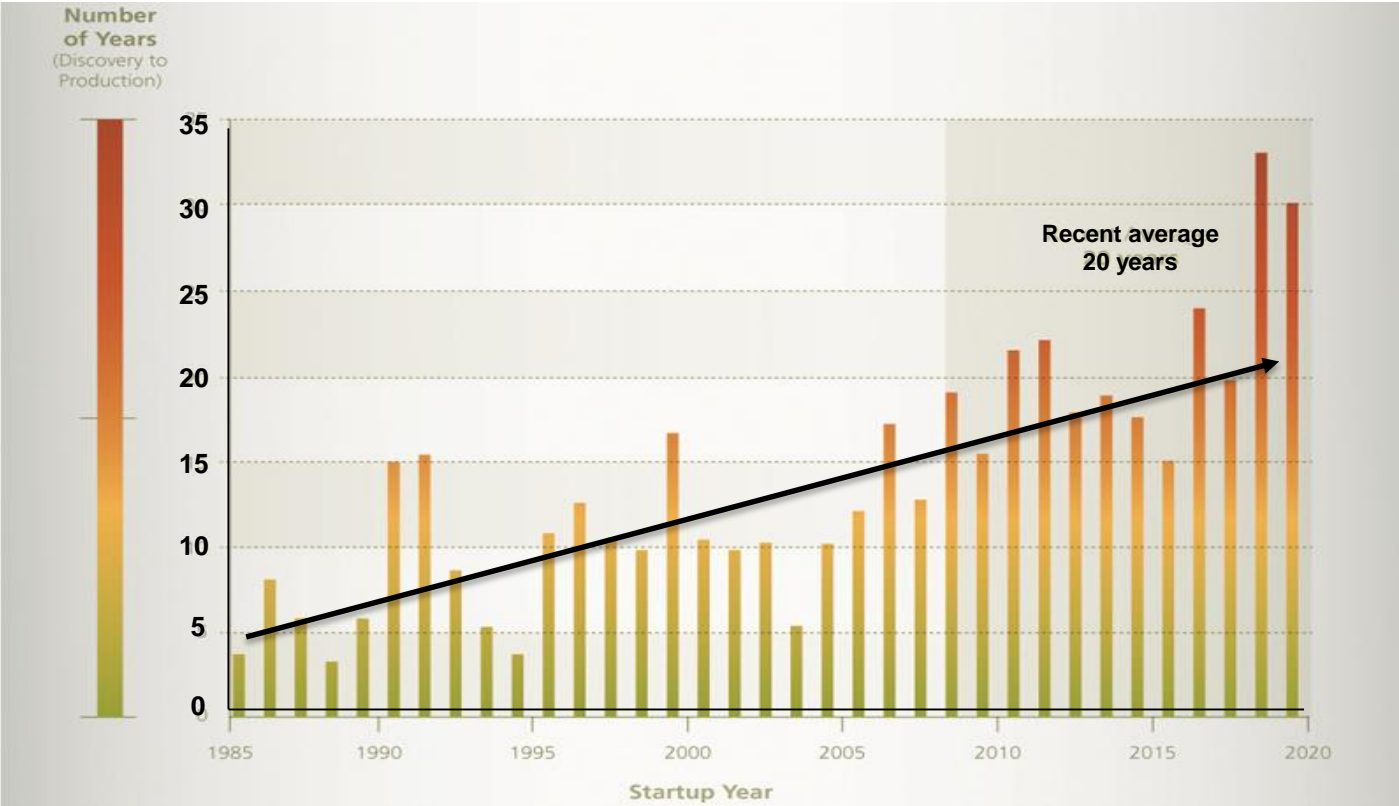
Underlying fundamentals are stable – Supply

The copper market is one of the largest in the natural resource world



Underlying fundamentals are stable – Supply

Time to production is increasing and the ability to respond quickly is proving more difficult



| Number of Deposits | | | Average Delay (years) |
|--------------------|-----------|-----------------|-----------------------|
| Discovered | Developed | Conversion Rate | |
| 3498 | 1576 | 45% | 12.4 |

Based on deposits > 100koz Au, >100 kt Cu, > 250kt Zn+Pb, >10kt Ni, >5 kt U₃O₈
or other other minerals of equivalent size
Excludes Bulk Mineral discoveries and satellite deposits found within existing camps

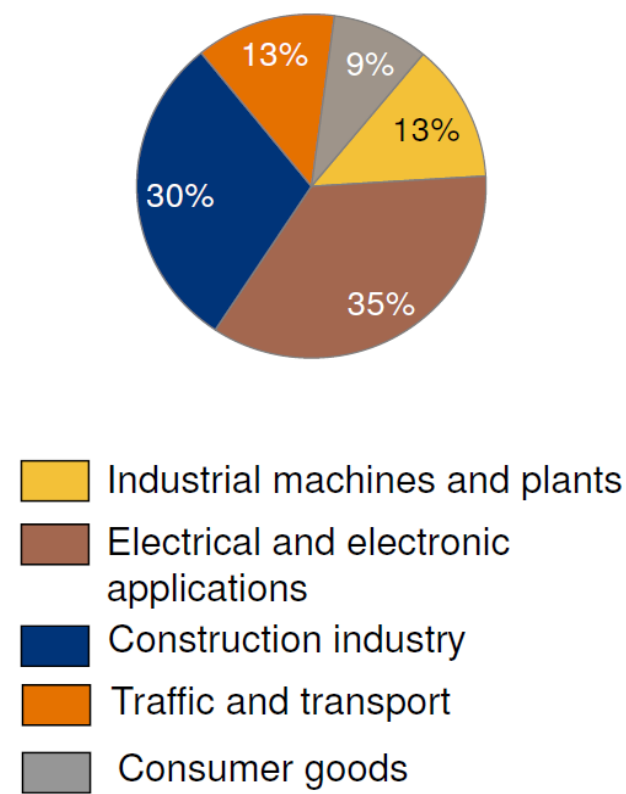
Source: MinEx Consulting © February 2014

*The information in the above diagram has not been compiled by OZ Minerals. The reported information has been derived from publically available information from <http://www.visualcapitalist.com/>. OZ Minerals makes no comment or representation regarding the information in this graph

Underlying fundamentals are stable – Demand

Copper consumption is rapidly diversifying

Global Cu demand by industry



Source: Wood Mackenzie Sept 2013

Cu content by application



~25 kg



up to ~115 kg



~200 kg



~4,000 kg



~7,300 kg

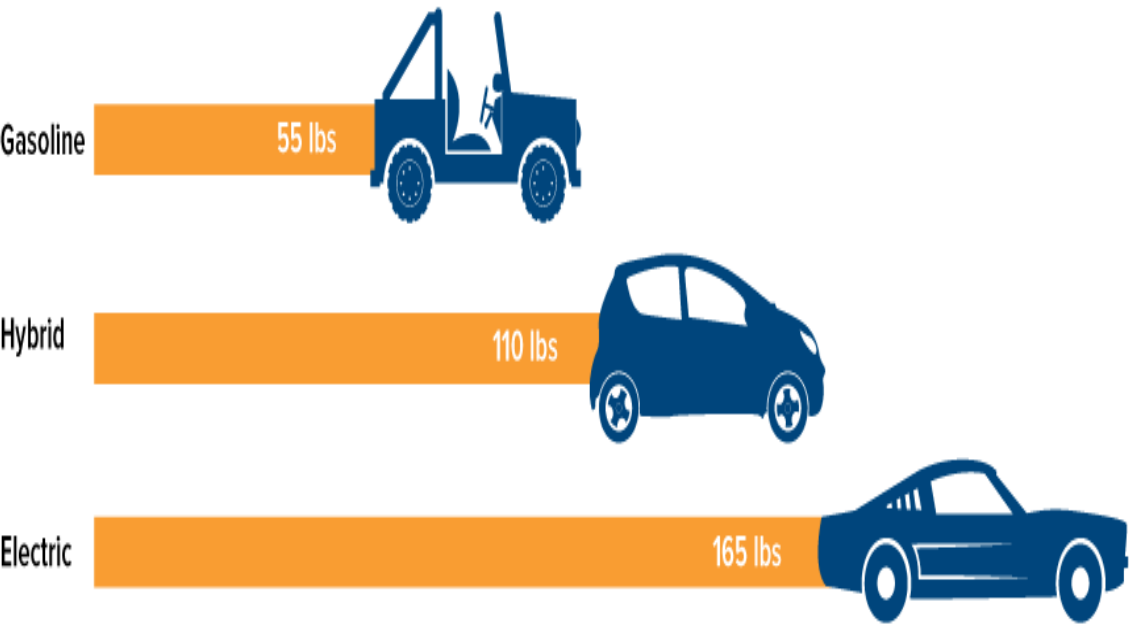


up to ~30 t

Underlying fundamentals are stable – Demand

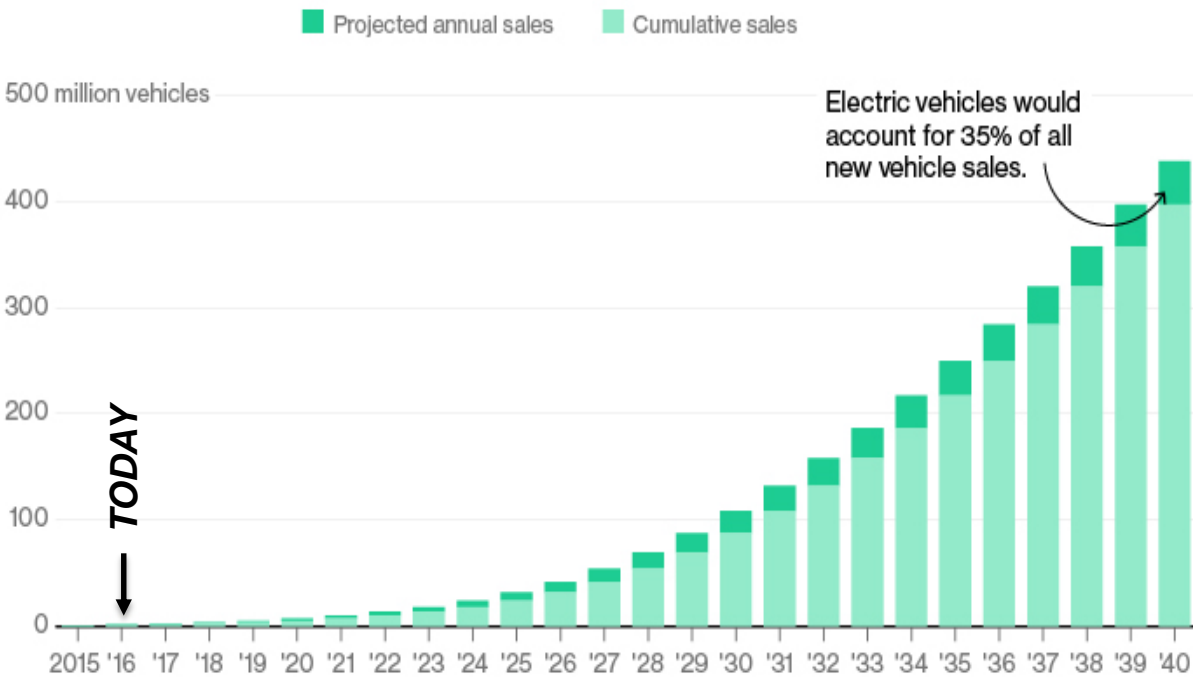
Copper consumption is increasingly being driven by technology

As vehicle technology evolves, more copper wiring is needed



Source: Visual Capitalist, U.S. global investors

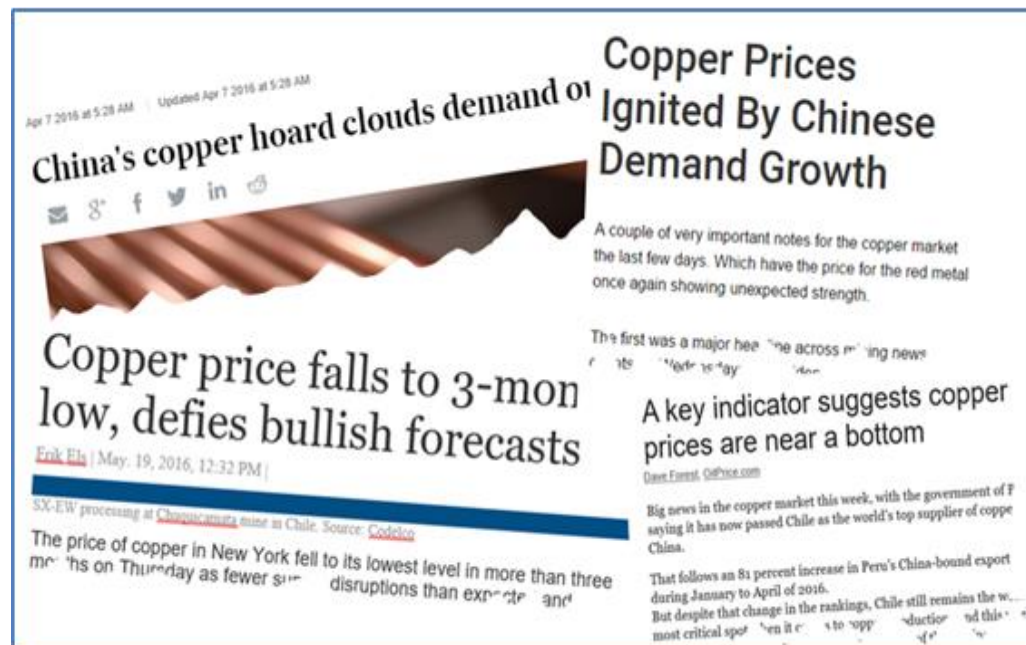
By 2022 electric cars will cost the same as their counterparts



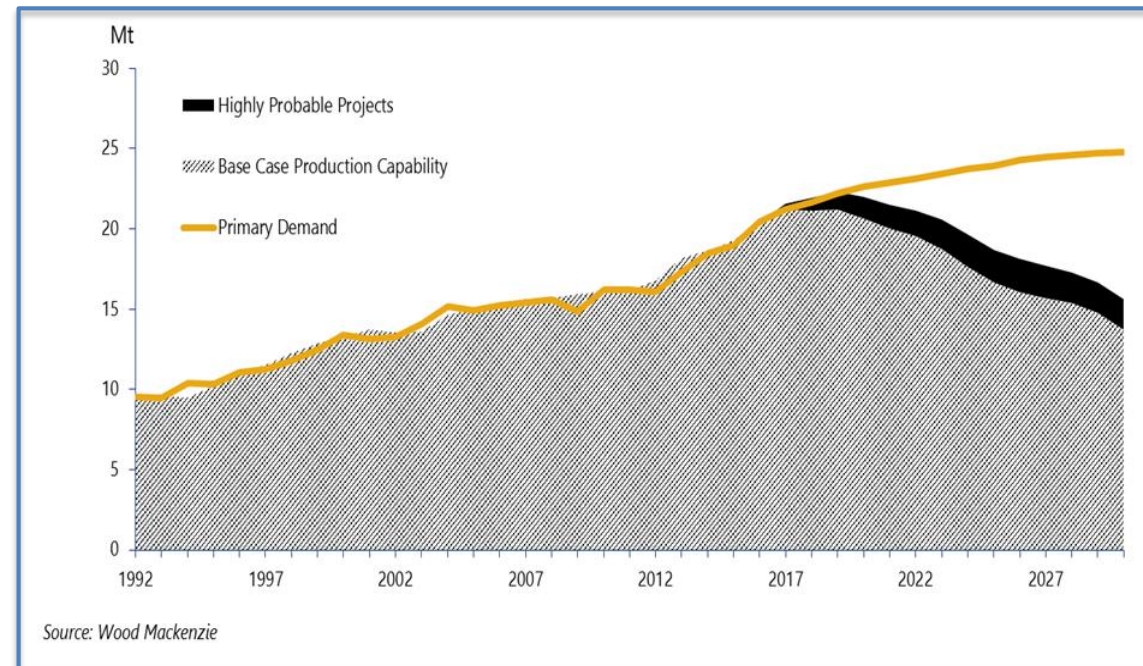
Source: Bloomberg



Short term sentiment can overwhelm; despite the fundamentals



Vs.



A clear company strategy allows people to choose to invest (or not)

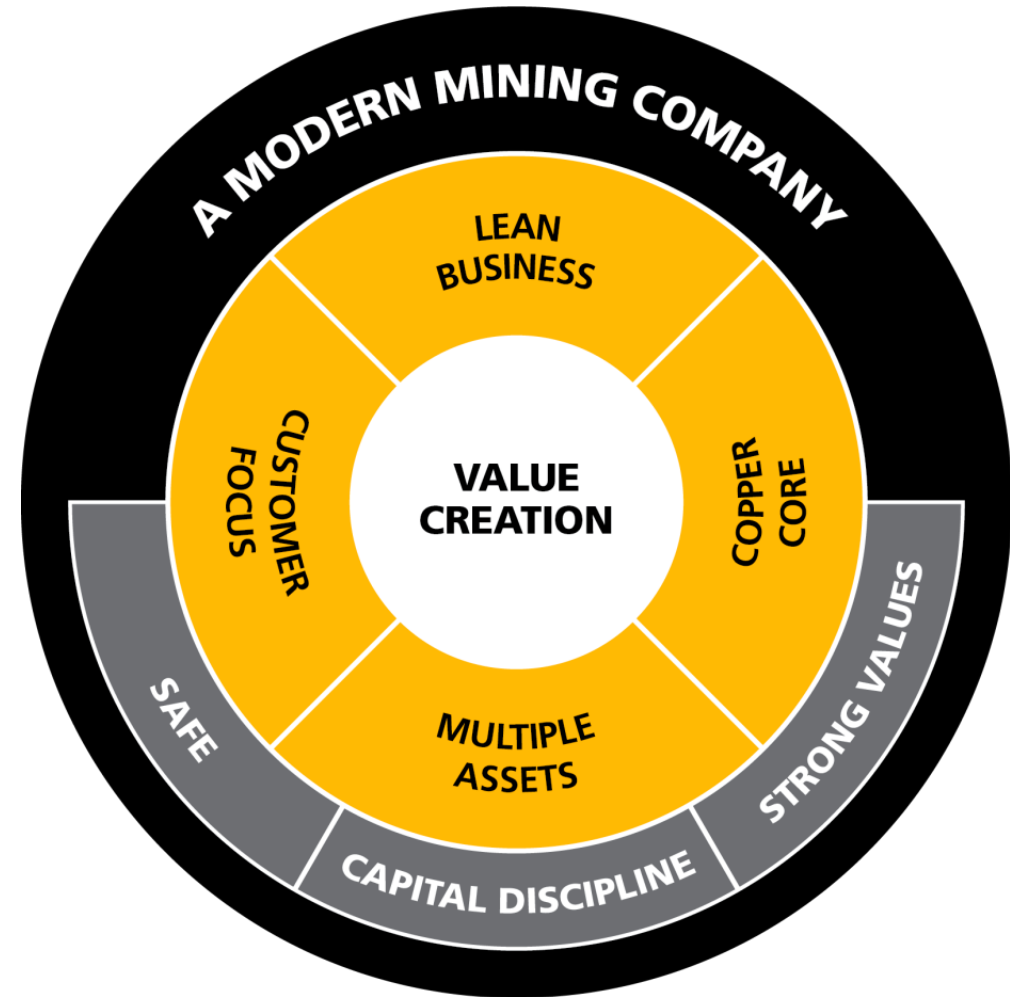
OZ Minerals has a clear long term growth strategy

How we will work

- **Safety** – Safe work above all else, strive for a workplace with no injuries
- **Values** – Integrity and strong governance in all aspects of the way we work
- **Capital discipline** – Commitment to reliably and predictably deliver with disciplined capital deployment

Continuing to focus on

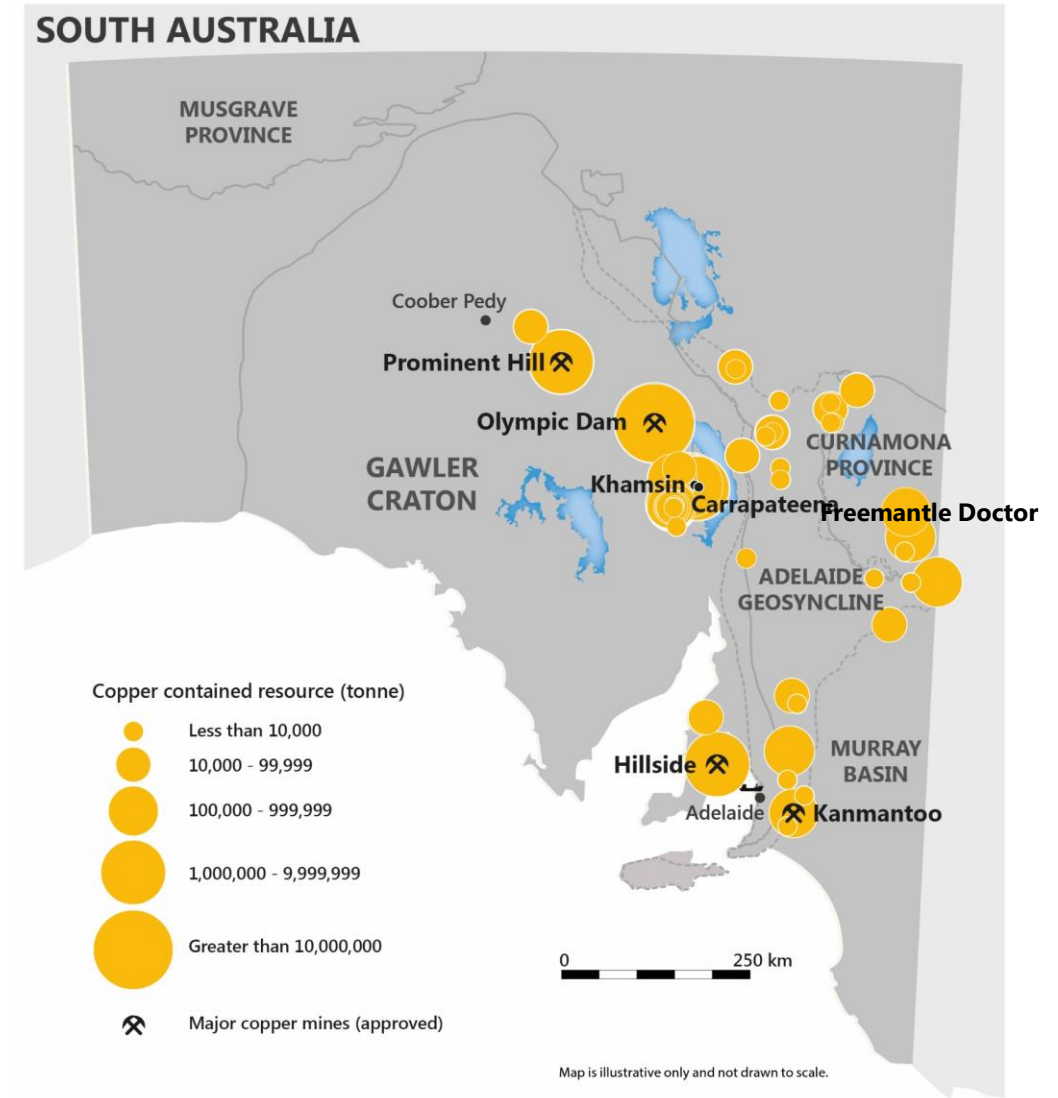
- **Lean business** – Fit for purpose today with an agile and flexible approach to opportunity
- **Customer focus** – Preferred supplier of mineral products to customers
- **Copper core** – Foundation built on copper with base metals and gold opportunistically pursued
- **Multiple assets** – Build and maintain a portfolio of valuable, risk managed, cash generating assets



District pedigree is critical

OZL has a significant resource base to leverage in SA

- / South Australia is a favourable mining jurisdiction
- / Gawler Craton contains one of the world's largest ore bodies at Olympic Dam and other significant deposits, including Prominent Hill
- / Supportive State Government
- / Strong community support
- / Prominent Hill is well located with respect to road and rail, power and water
- / Export route to Asian and European markets via Adelaide



Asset quality is critical

Prominent Hill is generating substantial cash flow



Low (no) leverage AND cash rich AND cash generation is a differentiator
Prominent Hill has generated substantial value with lowest quartile costs

750Kt Copper



That's enough copper to make 11 million Tesla model 3s cars



1Moz Gold



That's enough gold to make 2,300 gold bars

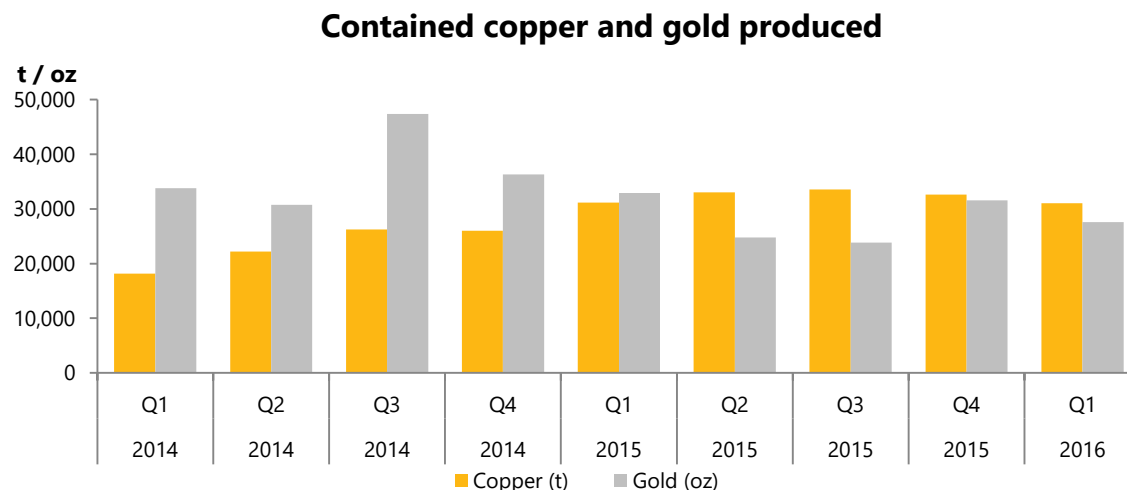


Reliability and predictability are pre-requisites to trust

The Prominent Hill team has demonstrated performance reliability

| Item | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 |
|-------------------------------|---------|---------|---------|---------|---------|
| Contained Copper produced (t) | 31,160 | 32,991 | 33,518 | 32,636 | 31,018 |
| Contained Gold produced (oz) | 32,874 | 24,790 | 23,817 | 31,547 | 27,563 |
| C1 costs US\$/lb | 63 | 75 | 74 | 67 | 75 |

● Favourable to guidance ● Unfavourable to guidance

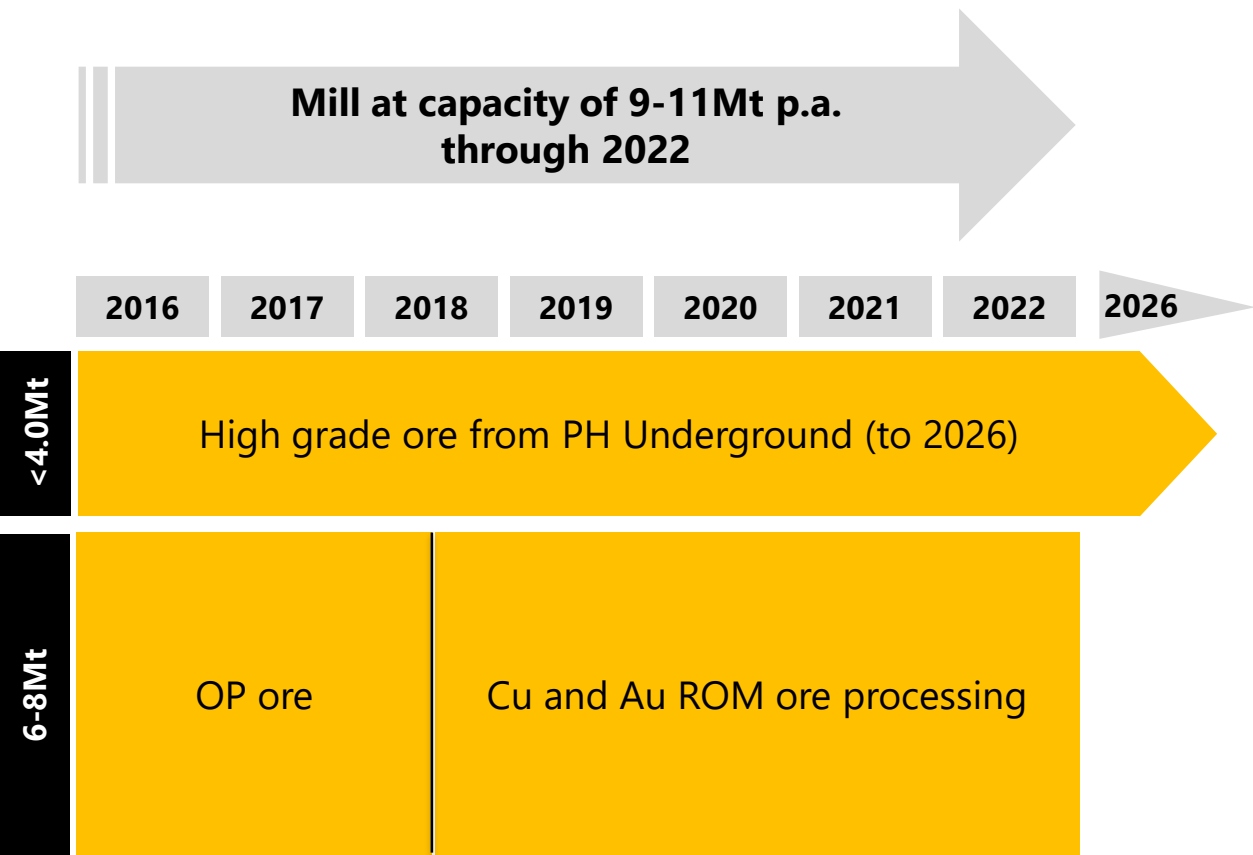


2015 record year of production

- / 2015 record copper production of 130,305 tonnes achieved upper end of guidance range of 126-131kt
- / 2015 C1 cost US 70.1c/lb at bottom of guidance range of US 70-80c/lb; lowest quartile cost producer
- / 2015 Open pit unit mining cost of \$5.70/t (inc. geology) within guidance of \$5.60 - \$5.80/t
- / Strong cash flow generation builds a cash balance of \$533 million (unaudited) at 31 March 2016
- / Cost reduction program well underway; annual savings of \$20 million realised; further \$25 million additional savings in pipeline
- / Waste to ore stripping ratio continues to decline as planned
- / Q1 2016 on track to achieve annual guidance

Bankable asset life comes at a cost – when is it long enough?

Prominent Hill's life is now out to 10 years*

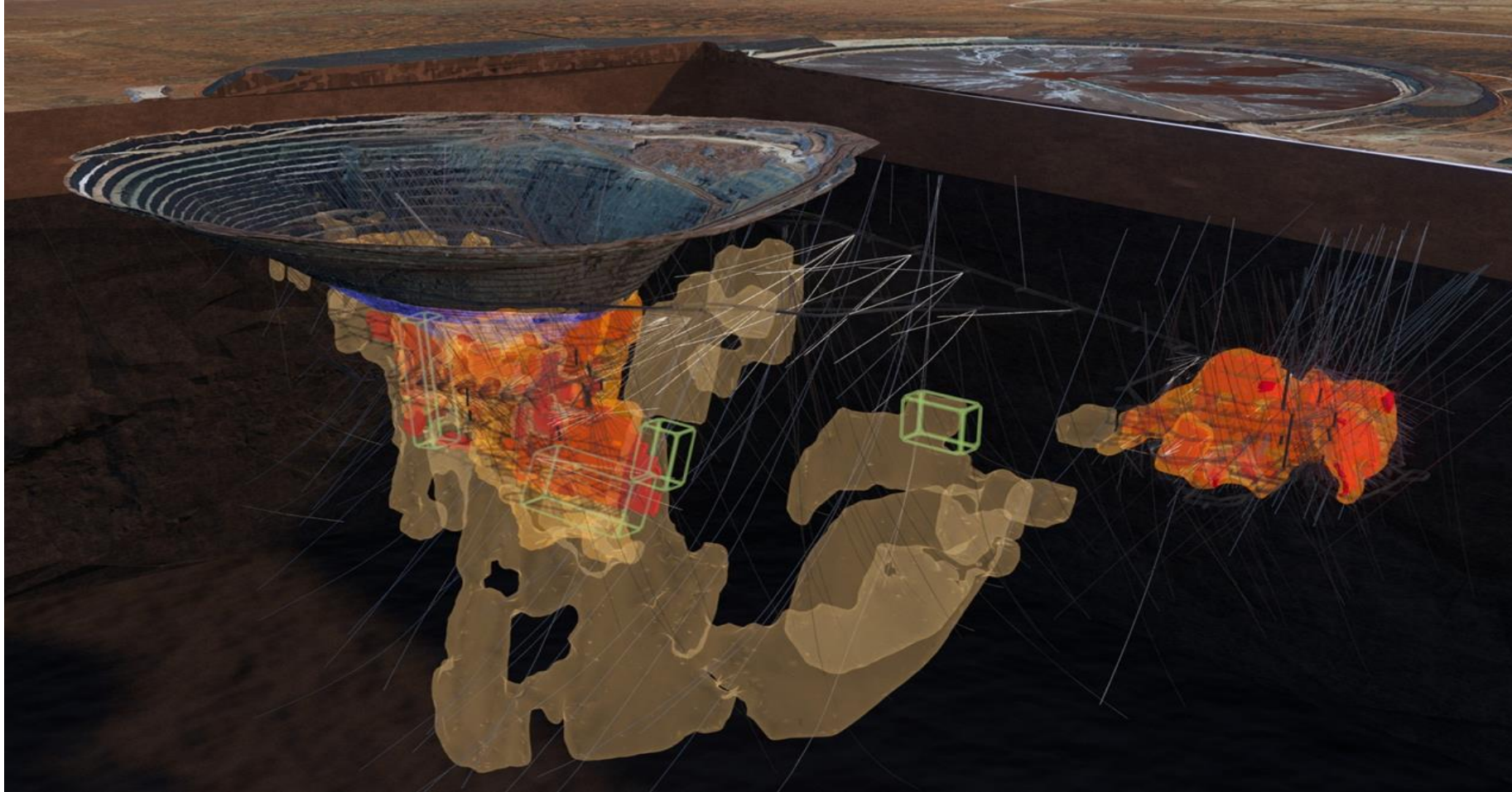


- / Copper ore is priority milled due to highest value
- / Multiple ore sources allow mill to remain at or near capacity through 2022
- / Integrated underground mine creates significant economic benefit with decreasing development costs in later years
- / Low-risk ROM stocks provide further significant cash flows as current working capital investment is realised
- / ROM stock cash realised 2018-2022
- / Mill has proven capability to process high 50%+ levels of gold ore
- / Opportunities to change base case with resource drilling to extend UG life

"Low risk cash generation from current underground operations and stockpiles. High throughput levels reduce fixed cost allocations."

Creating long term options is critical to value creation

We expect to see more resource converted to reserve extending life beyond 10 years*



- / **Prominent Hill resource 152mt @ 1.2% Cu and 0.6% Au**
- / 2016 drilling identified 68.5m @ 3.2% Cu outside the current resource
- / Building 2nd UG decline with aim of boosting production capacity of the UG up to 4mtpa
- / Focused improvement program to take UG to best in class
- / Expect to extend life of mine beyond 2026

**Full summary of information relating to Prominent Hill Mineral Resources and Reserves is set out in the 'Annual Resource and Reserve Update for Prominent Hill' created on 04 November 2015 and is available at www.ozminerals.com/operations/resources--reserves.html.*

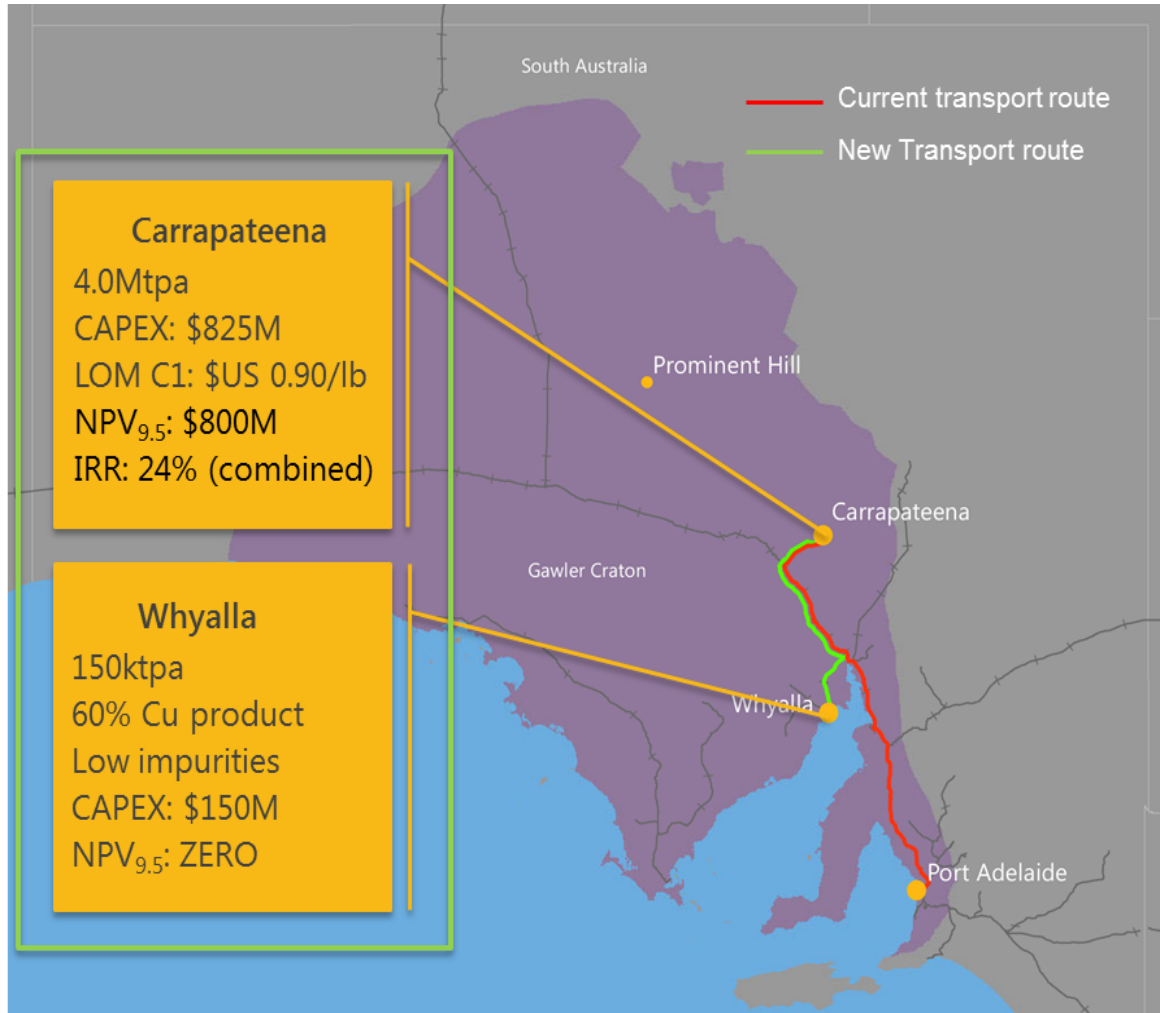
Sound company fundamentals and a long term view enable growth

Carrapateena is a significant value accretive growth asset



Carrapateena is one of the best global development projects

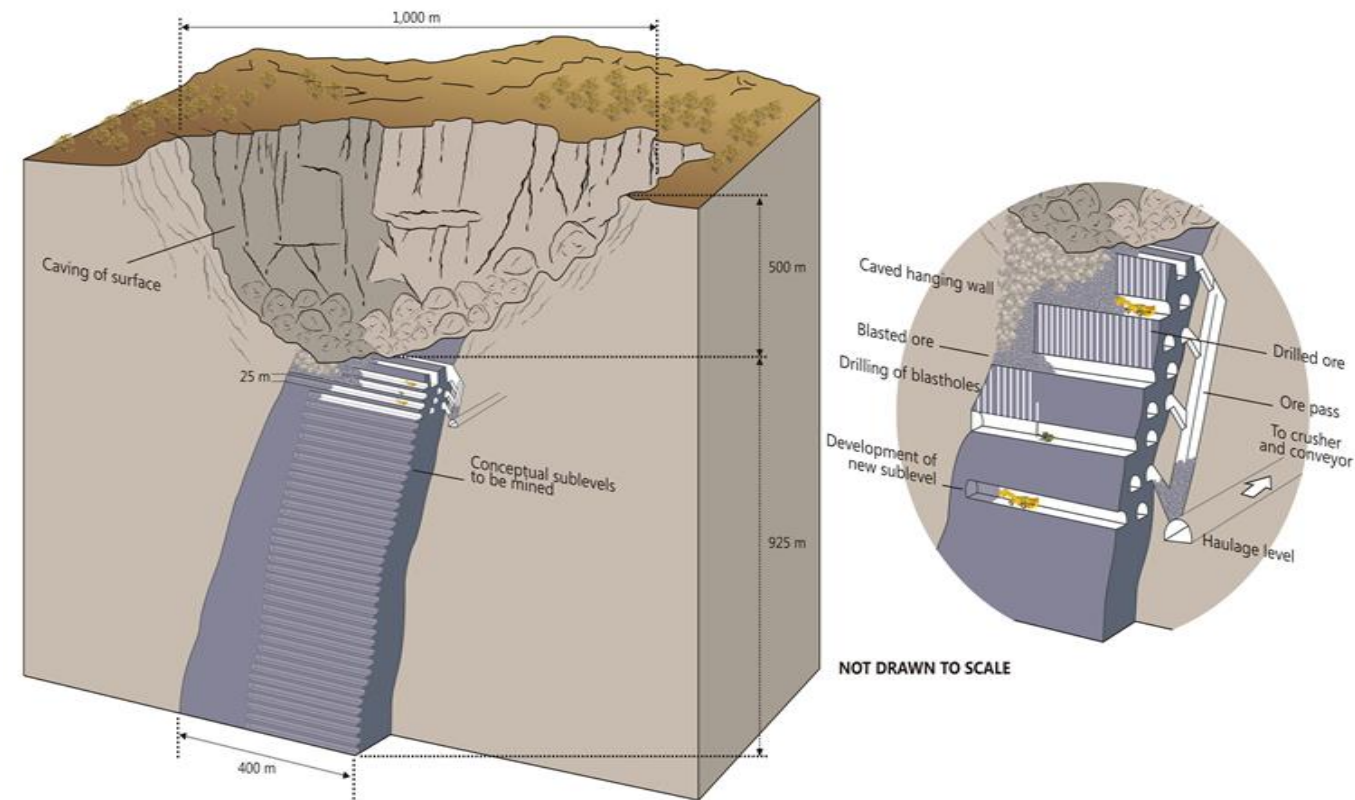
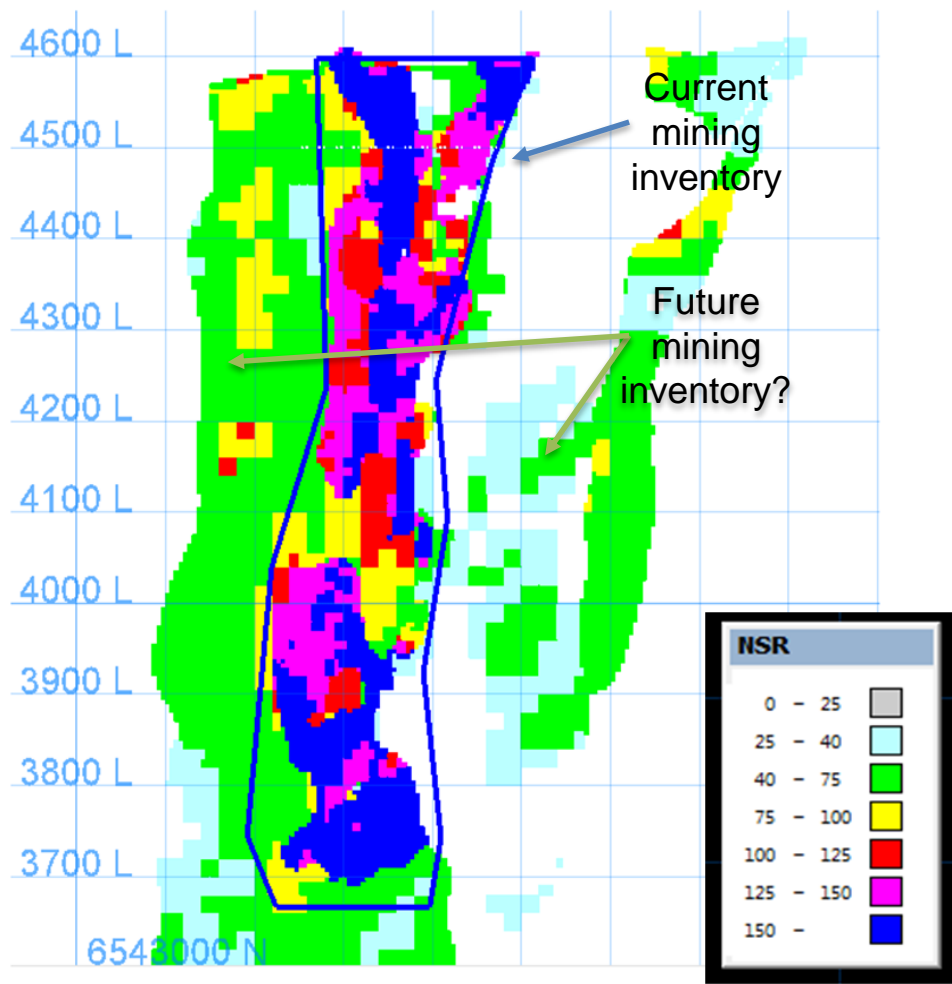
Low cost, low risk, long mine life value accretive asset*



- ✓ Estimated Carrapateena resource of 800Mt @ 0.8% Cu
- ✓ High grade contained resource of 61Mt @ 2.9% CuEq
- ✓ New PFS base case scope;
 - 4.0 Mtpa Sub-level Cave mine
 - Capital cost of ~\$975M (*includes \$100M contingency*)
 - First 5-year C1 costs ~ US\$0.50/lb
 - LOM C1 costs ~ US\$0.90/lb
 - Expected payback of 6 years
 - NPV_{9.5} of circa A\$800M (*at consensus pricing*)
 - IRR 24% (*at consensus pricing*)
 - Approximately \$4.8 billion LOM net cash flow before tax
 - Estimated LOM production ~53kt Cu and 53koz Au pa
 - Conveyor in decline to give flexibility to increase rate
 - Decline tenders short-listed, commencement imminently

Designing scalable solutions in now will give future optionality

The current mining inventory is ~10% of the total 800mt resource

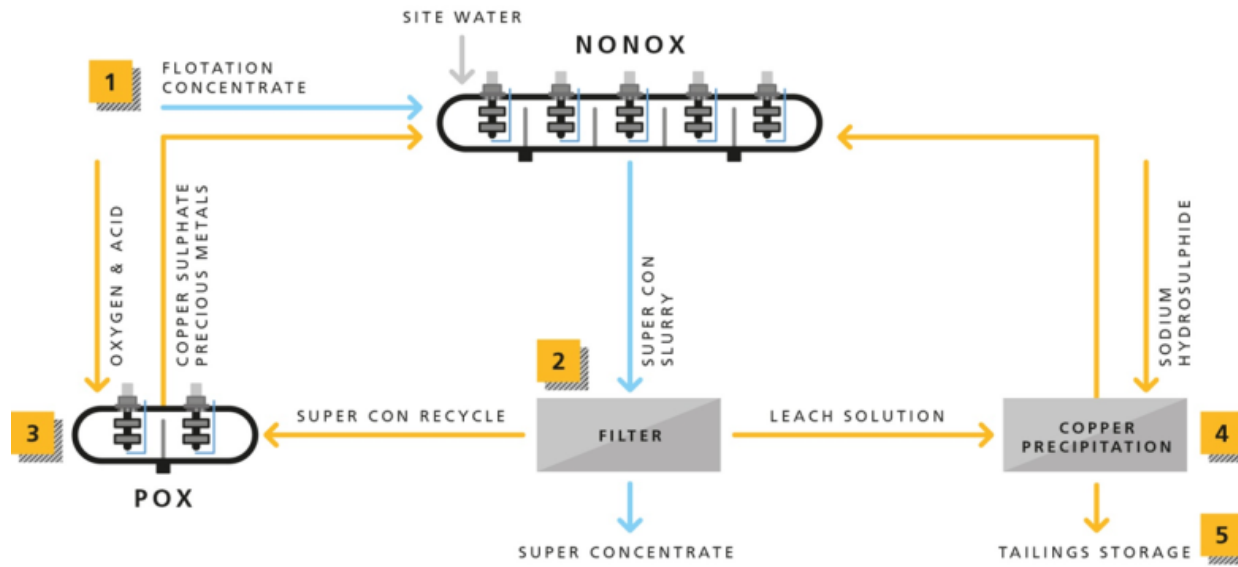


Edited from www.britannica.com/topic/sublevel-caving

Sub level caving enables a unique mix of advanced automation technology and scalability to take more resource than planned

A holistic product flow leveraging existing infrastructure will allow expansion

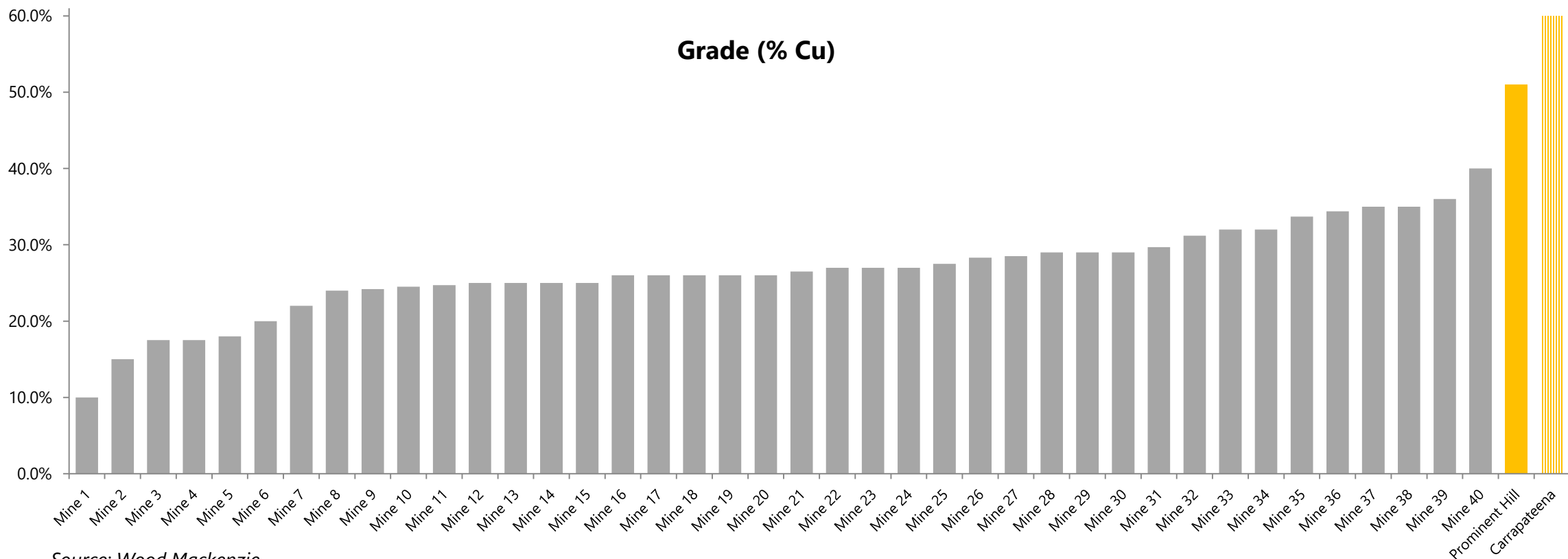
The Concentrate Treatment Plant will de-risk the project and open options for other resources



1. Flotation concentrate slurry is fed to an autoclave, this stage is called NONOX
2. The slurry from NONOX is filtered to separate the solid super concentrate from the leach solution
3. Some of the super concentrate is recycled into a second, smaller autoclave called POX
4. The leach solution from the filter contains a small amount of copper and silver which is recovered in a simple copper precipitation stage
5. After copper precipitation the leach solution is neutralised and sent to the tailings storage facility

Differentiated quality products help build strong customer relationships

We supply the highest Cu in concentrate % in the world



Comparison mines: Almalyk, Andina, Antamina, Antapaccay, Batu Hijau, Bingham Canyon, Buenavista (Cananea), Candelaria, Centinela, Cerro Verde Mill, Chuquicamata, Collahuasi, Constancia, Cuajone, Dexing, El Teniente, Erdenet, Escondida, Gay, Highland Valley Copper, Kansanshi, Koktaus, La Caridad, Los Bronces, Los Pelambres, Lubin, Luita, Mina Ministro Hales, Morenci, Mount Isa Cu, Oyu Tolgoi, Polkowice, PT Freeport Indonesia, Rudna, Salobo, Sarcheshmeh, Sossego, Toquepala, Toromocho Project, Zhezkazgan

Creating value for the future depends on the options you build today

At the heart of this is our people and our culture





Sydney Mining Club

Decision making in the resources sector....

2 June 2016



A modern
mining company