

23 September 2008

Dear Shareholder,

We are now approximately 80 days into the formation of OZ Minerals and we want to update shareholders on a number of matters.



Both Zinifex and Oxiana had proud safety records, and OZ Minerals is committed to continuing that record. Respect is one of our core values, and respect for our employees through the provision of a safe workplace is of paramount importance to us. It has been shocking to us that OZ Minerals has experienced three serious incidents – two of which have resulted in fatalities and the other in very serious head injuries – in the space of the past 2 months.

The fatalities resulted from a lightning strike in proximity to an employee in Laos and a vehicle rollover near Prominent Hill. These tragic events are a reminder to all of us that, no matter how good our safety record might be, safety is something we have to work at each and every day. We assure shareholders that our efforts to eliminate accidents in the workplace is undiminished.

OZ Minerals' share price has fallen substantially in recent months. While part of the fall can be explained by general share market conditions, lower metal prices and higher costs, our share price performance has been worse than would have been predicted by these external factors alone. We understand that some aspects of our financial results have concerned some investors, but we also believe that many investors have lost sight of OZ Minerals' substantial achievements and its undoubted opportunities.

In our financials, new accounting standards required us to adjust the carrying values of all of the former Zinifex assets, (because, legally, Oxiana was acquiring the Zinifex business). The aggregate adjustment was to write-up the value of the Zinifex assets by \$244 million. Your Board decided that the most appropriate basis for allocating the aggregate adjustment to individual assets was to use the recently completed independent valuation provided by Grant Samuel & Associates.

The result was large uplifts in book values for the relatively old assets (including Century and Rosebery) and partially offsetting downwards adjustments for the newest assets, including Avebury and the Canadian assets. The adjustments were necessitated by the consistent application of the new accounting standards, and do not indicate that the most recently acquired assets are sub-standard in any way.

On the positive side, we are delighted with the development of our projects, and we want to remind shareholders of progress to date.

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- The Avebury nickel mine in Tasmania has been commissioned and shipped its first nickel concentrate to Jinchuan, our customer, in August this year – right on schedule! We are ramping-up production at Avebury, and we expect nickel to contribute 5% of the Company's revenues in 2009.
- Prominent Hill, our large copper-gold project in South Australia, will start commissioning in early October. When in full production, Prominent Hill will more than double OZ Minerals' copper production and, in 2009, we expect copper to generate more than 50% of the Company's revenues, compared to a pro-forma 36% in the first 6 months of 2008. We have heard rumours of delays at Prominent Hill and we are concerned that this has impacted the Company's share price and caused real financial hardship to our shareholders. As we announced this month, the rumours are simply not true.
- Prominent Hill is an extremely exciting asset. In addition to the imminent commissioning of the current project, we recently announced that drilling to the west of the existing pit has highlighted significant potential for the discovery of an additional deposit close to existing infrastructure.
- We have also taken action to address the impact the current weak zinc price is having on the Company. We plan to reduce zinc production at Golden Grove in 2009 by between 35% - 40% of planned 2008 production. Because Golden Grove is a polymetallic mine producing both zinc and copper, we will replace the zinc production with approximately 14,000 tonnes of copper. Due to the higher price and higher profit margins on copper, this action will result in increases in both revenue and profit. And, we will leave our valuable zinc reserves in the ground, to be mined in the future when zinc prices improve.

Operationally, OZ Minerals is performing very well; production levels are in line with our plans, and the integration of the old Oxiana and Zinifex businesses is on track. As we have announced, we have already identified almost \$30 million of annual cost savings through the integration process, and we are confident there is more to come. Your Board and Management are working diligently to integrate the policies, procedures and systems capturing the best of both entities. We are also assessing the combined programs for exploration and growth to align with our strategic objectives.

We have a strong balance sheet, no net borrowings and the ability to generate healthy cashflows. At a time when the world's financial system is in so much turmoil, this is an enviable position to be in. We have a very strong pipeline of growth projects stretching out over the next decade, and we have the financial capability to finance the pipeline without being beholden to the financial markets.

The outlook for demand for all the commodities we produce remains strong and, although there will be some volatility from one period to the next, we are very confident of ongoing growth in demand for many basic commodities.

We are very aware that OZ Minerals' recent share price weakness has had a devastating effect on many of our shareholders. We remind shareholders that the indicated valuation of \$3.80 - \$4.40 per share determined by Grant Samuel & Associates in May 2008 is substantially higher than the current share price. We can assure shareholders that nothing detrimental has happened to those assets over the past 4 months and we implore you not to lose sight of this fact.

Whilst the current global economic uncertainties have prompted some investors, including hedge funds, to exit their commodity and basic materials share investments, we have recently seen a number of major, long-term investing institutions take up positions in OZ Minerals.

What we are seeking to do in this letter is remind shareholders that OZ Minerals is performing well, we are delivering on our projects, we have a strong pipeline of developments to generate

future growth, excellent resource and exploration potential and, importantly in these difficult times, we have the financial strength to finance our growth.

We have had many meetings with institutional investors in Australia and overseas recently. We hope to see as many shareholders as possible at next year's AGM, and we hope we will see the inherent value of OZ Minerals being reflected in its share price well before then.

Yours faithfully



Barry Cusack
Chairman



Andrew Michelmore
Chief Executive Officer

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