



**OZ MINERALS**

**➤ THE STRATEGY**

**INVESTOR STRATEGY DAY**

**30 November 2009**

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Chairman  
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MD & CEO  
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EGM Operations  
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GM Sales & Marketing  
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EGM Projects & Technical Services  
**PROJECTS & TECHNICAL SERVICES**



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Head of Exploration  
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Head of Business Development  
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**ANDREW COLES**  
Chief Financial Officer  
**FINANCE**





# INTRODUCTION

1.0

**BARRY CUSACK**  
Chairman



2.0



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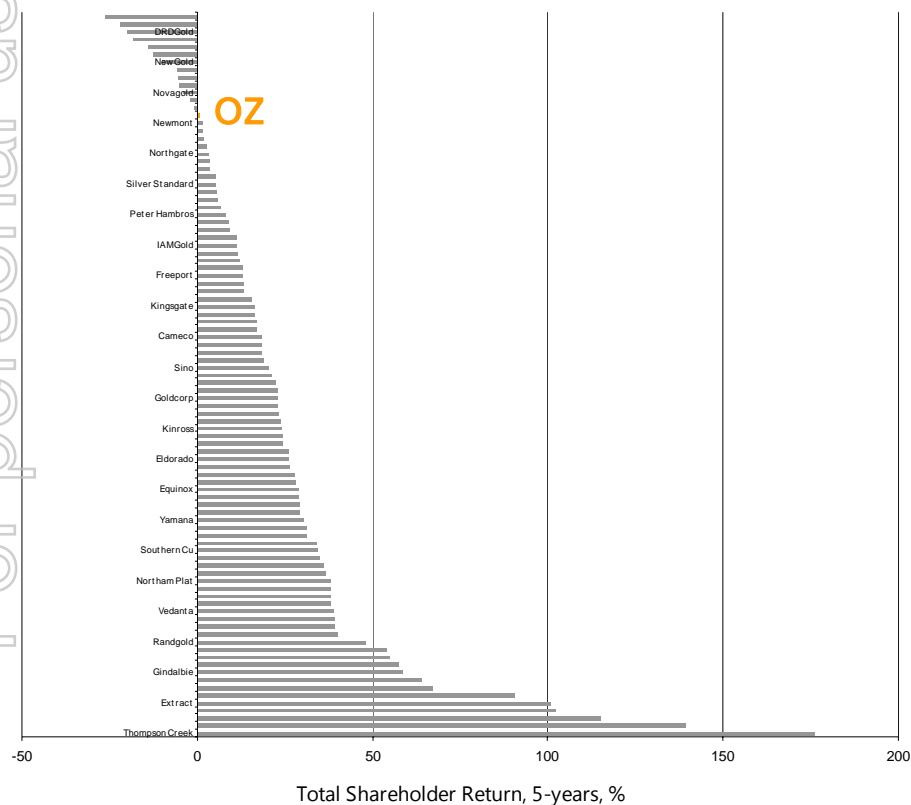
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# SUCCESS WILL BE MEASURED BY TOTAL SHAREHOLDER RETURNS

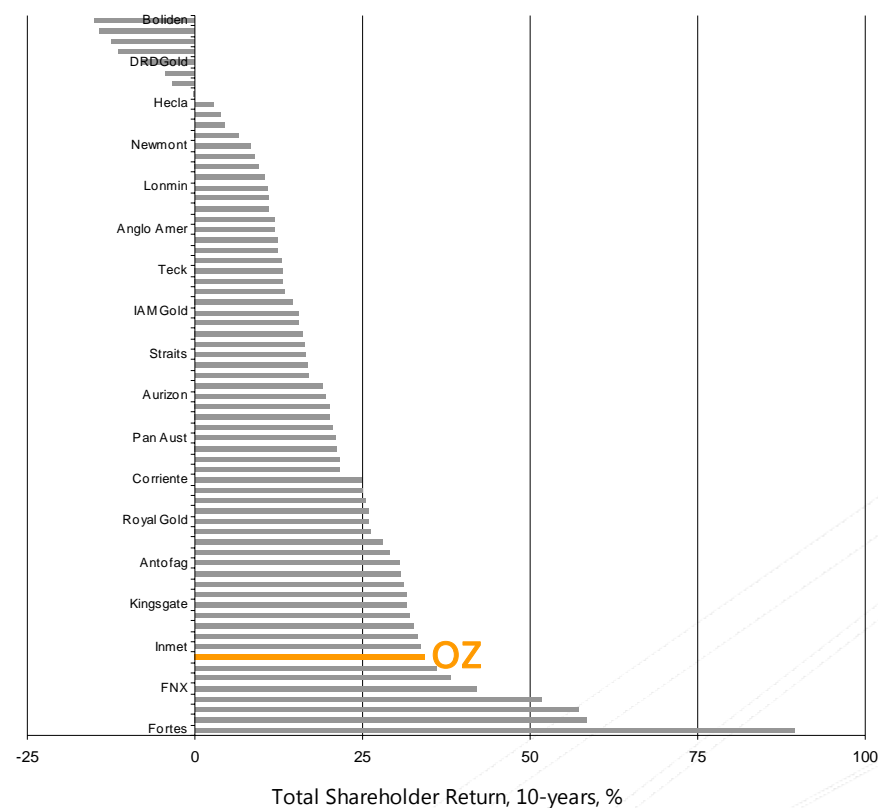


OZ Minerals TSR returns over the last 10 years position it in the top quartile of industry performers, however OZ has lagged the broader market over the past 5 years.

Global Resource Companies  
Total Shareholder Return % - 5 years



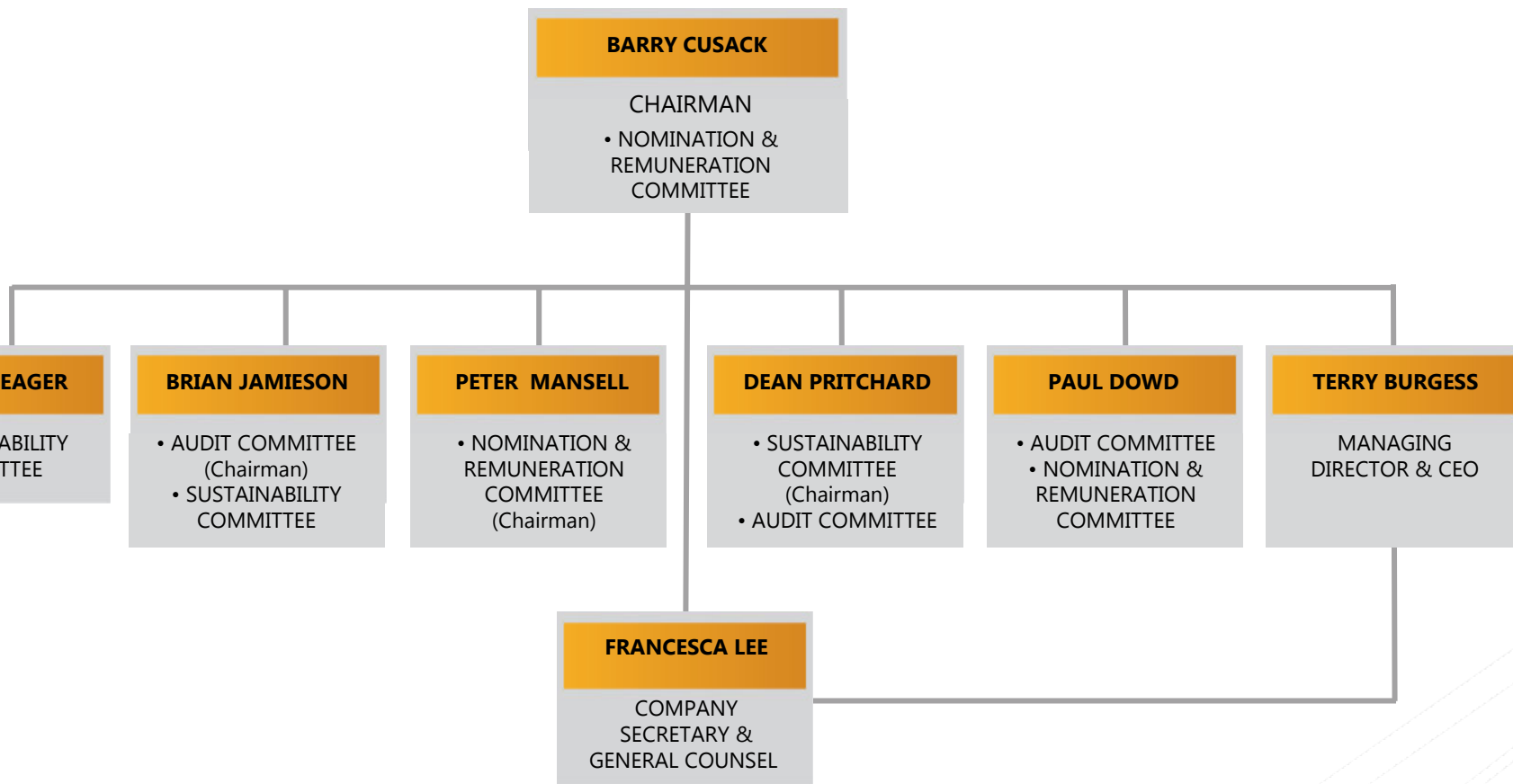
Global Resource Companies  
Total Shareholder Return % - 10 years



# OZ MINERALS BOARD AND COMMITTEES



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# STRATEGY OVERVIEW

1.0

2.0

3.0

TERRY BURGESS  
MD & CEO



4.0

5.0

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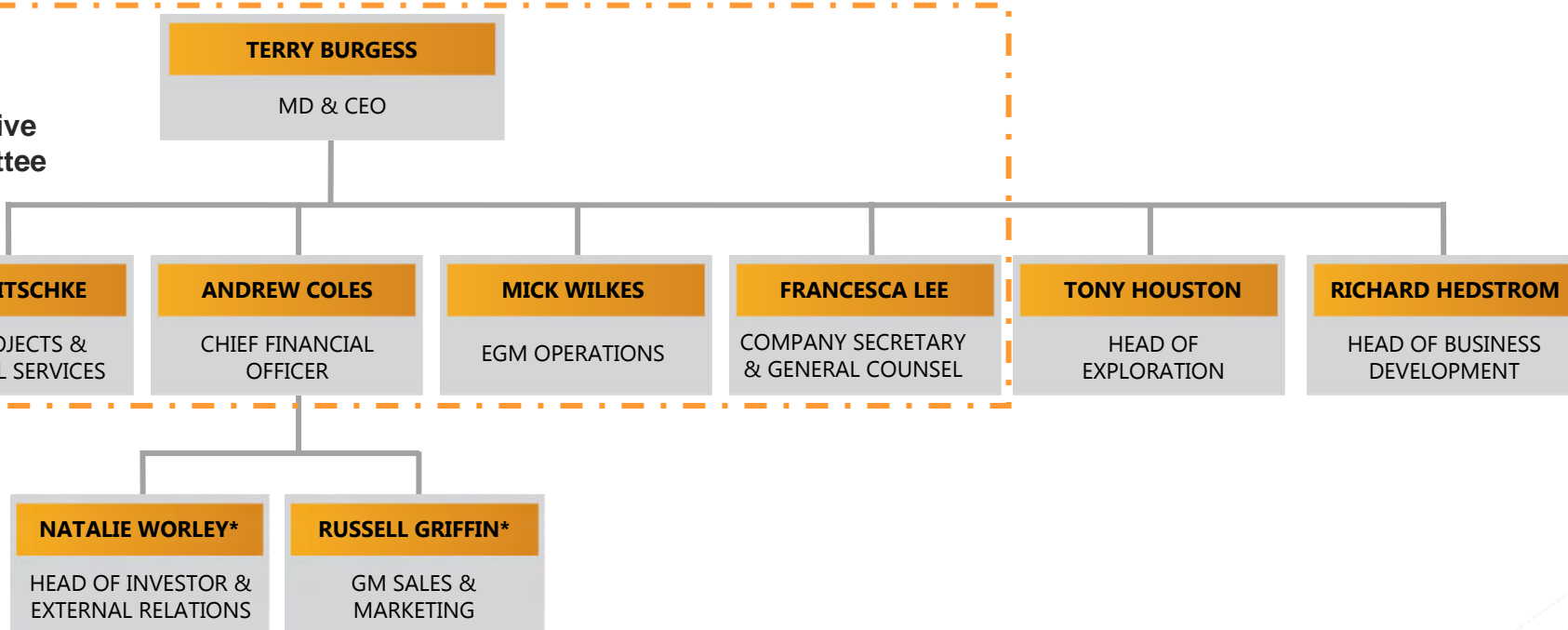
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# MANAGEMENT STRUCTURE

Executive  
committee



\* Direct reports indicated where present at this presentation.



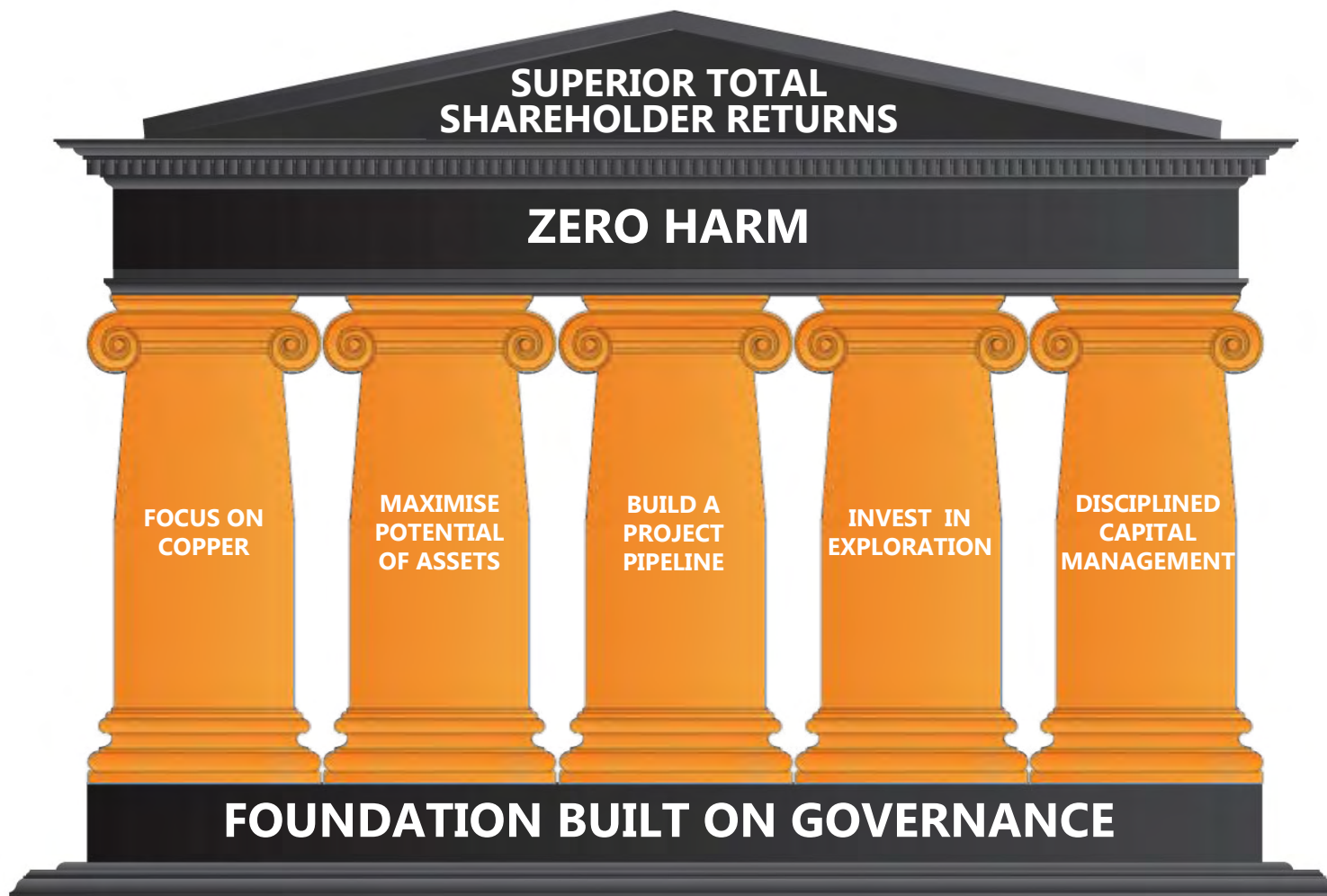


# AGENDA

- Strategy overview
- Operations
- Sales & Marketing
- Projects & Technical Services
- Exploration
- Business Development
- Finance

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# STRATEGY



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# ZERO HARM

– Zero harm by choice not by chance

- Ensure employee safety
- Ensure environmental protection
- Maximise community benefits

Building on and improving culture to achieve our desired outcome

Visible leadership

Linked to performance contracts for senior management

Moving from lag to leading indicators e.g. leadership interventions

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# OPERATIONS – MAXIMISING POTENTIAL FROM PROMINENT HILL



- Successful ramp-up
  - name-plate capacity achieved (8Mtpa)
  - lower end of guidance achieved in November 2009
- Next priority debottlenecking, e.g.
  - pebble crushing
  - flotation capacity
  - flotation recovery
  - water and energy
- Focus on cost drivers and margin improvement
- Fast-track underground development
- Increase resource development drilling expenditure
- Increase regional exploration expenditure



# BUILD A PROJECT PIPELINE

## Organic expansion

- In-house expertise
- Must make material benefit to earnings - ROI, cost of capital, risk

## Exploration

- Accelerate exploration at Prominent Hill
- Project generation – greenfields exploration, partnerships

## Acquisition

- Goal-development-ready copper projects or existing operations
- Copper preference, IOCG and porphyry focus
- >50kt/a materiality threshold, 50kt-150kt/a 'window of opportunity'
- Australia, preferable but limited; also international
- Low-medium risk jurisdictions – but higher risk if considered compelling
- Acquire strategic positions and or partnerships in promising projects, target non-core assets from majors, projects requiring capital injections



# INVEST IN EXPLORATION

Significant investment in exploration to continue - A\$40-50 million/year

Fast-track exploration at Prominent Hill – remaining focussed

- Near mine exploration – target size 100Mt @ 1% Cu, 0.6g/t Au

Continue to explore in Cambodia to:

- Define an initial gold resource by Q1 2010
- Rapidly evaluate district potential; targeting 2Moz+ gold

Invest in project generation:

- Strong focus on copper/gold
- Early entry into new belts/projects – JV's, strategic alliances
- Identifying good projects and partners
- Targeting 250-300Mt @ 1% copper potential

# COPPER – PREFERRED COMMODITY



- Long-term demand fundamentals strong
- Supply is constrained – production underperformance, new project confidence, lack of investment in exploration
- China remains dependent on imported copper for growth
- Projects are becoming more expensive to develop
- There are a larger number of opportunities which satisfy the material business threshold for OZ Minerals compared to other commodities

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# CAPITAL MANAGEMENT AND STRUCTURE



## Capital management

- Cash surplus to organic growth and acquisition needs will be available for capital management initiatives
  - Given no Group profits or retained earnings due to loss on asset sales, no capacity to pay dividends from 2009 NPAT
  - Unfranked dividends in next few years

## Capital structure

- Balance sheet aligned with corporate requirements
- Debt facilities' terms & conditions will be closely aligned to OZ Minerals' business conditions & strategy and relate to current position (single mine/single commodity)





# GOVERNANCE PLATFORM

## Board

- Structure – size and skills, aligned with business needs
- Appropriate remuneration

## Management

- Executive committee
- Performance based remuneration – Zero Harm, strategy, company performance

## Risk

- Risk management framework and risk register applied to all areas of the business
- Board determines risk appetite
- Executive management owns the risk register
- Risk register linked to annual performance contracts and budget
- Internal audit – finance, elements of sustainability

## Policies and procedures

- Policies and procedures aligned to ASX good corporate governance standards
- Code of conduct
- OZ Minerals Integrated Management System - OZims



# OPERATIONS

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MICK WILKES  
Operations



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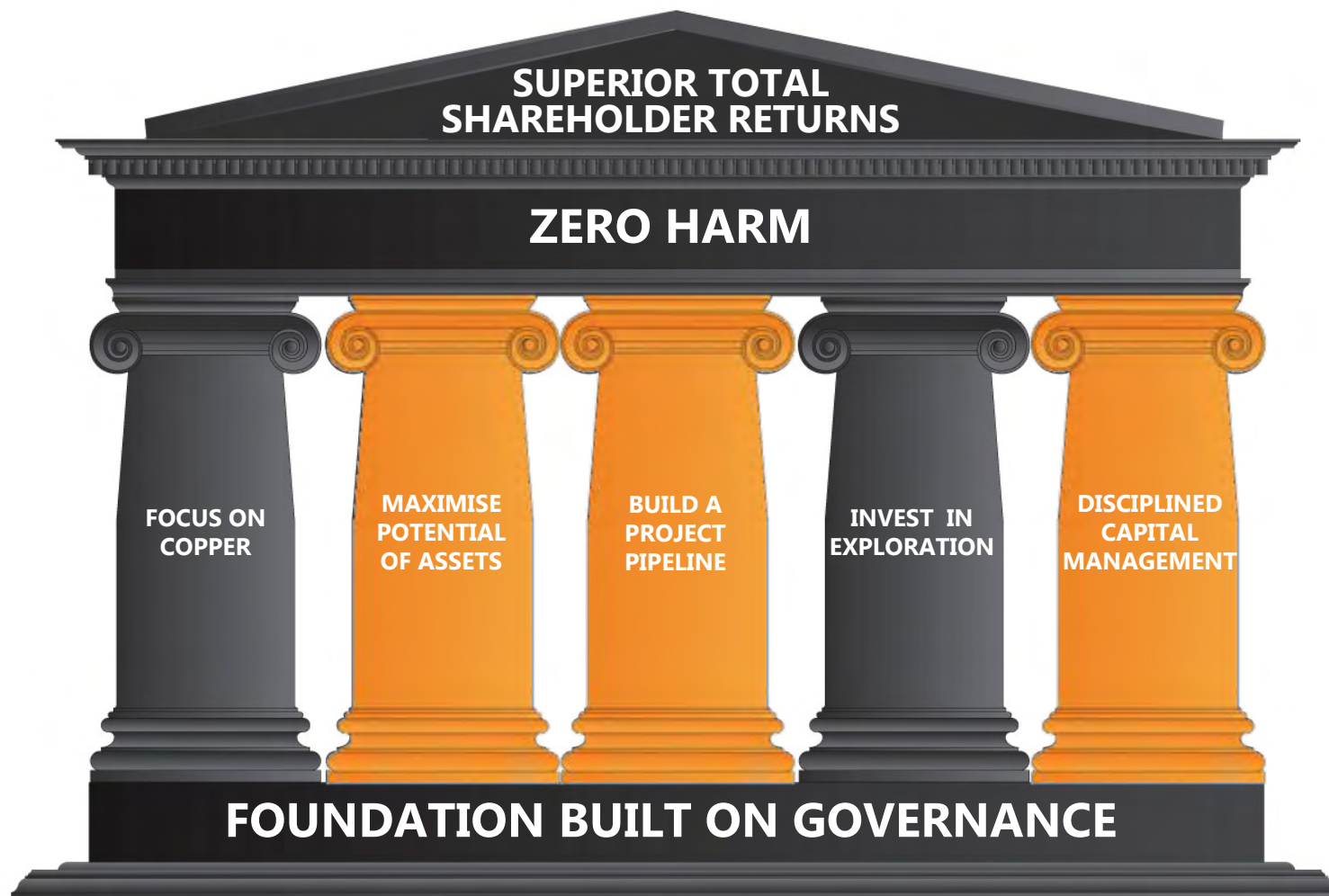
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# OPERATIONS STRATEGY



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# OPERATIONS - ZERO HARM BY CHOICE



Management Committed

Individuals Committed

Crew Committed

Reactive

Supervisory

Self Management

Pro-active

CRISIS

CONTROL

COMPLIANCE

COMMITMENT

CULTURE

It's broken and we need to fix it

We will strictly supervise everything we can

We will follow the rules and procedures

We are truly committed to safety

Safety comes naturally

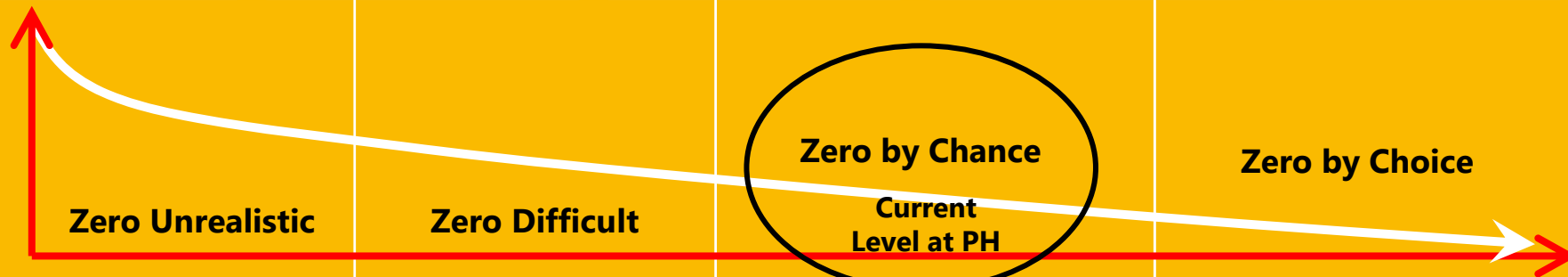
Zero by Chance

Current Level at PH

Zero by Choice

Zero Unrealistic

Zero Difficult



Based on models from DuPont and the Queensland Resource Council

# PROMINENT HILL – AUSTRALIA'S BEST METALLIFEROUS MINE\*



**Reserves:** 75.7Mt @ 1.19% Cu,  
0.59g/t Au,

**Resources:** **Cu-Au Ore:**  
189.7Mt @ 1.32% Cu, 0.5g/t Au

**Au-only ore:**  
78.8Mt @ 0.06% Cu, 1.4g/t Au,

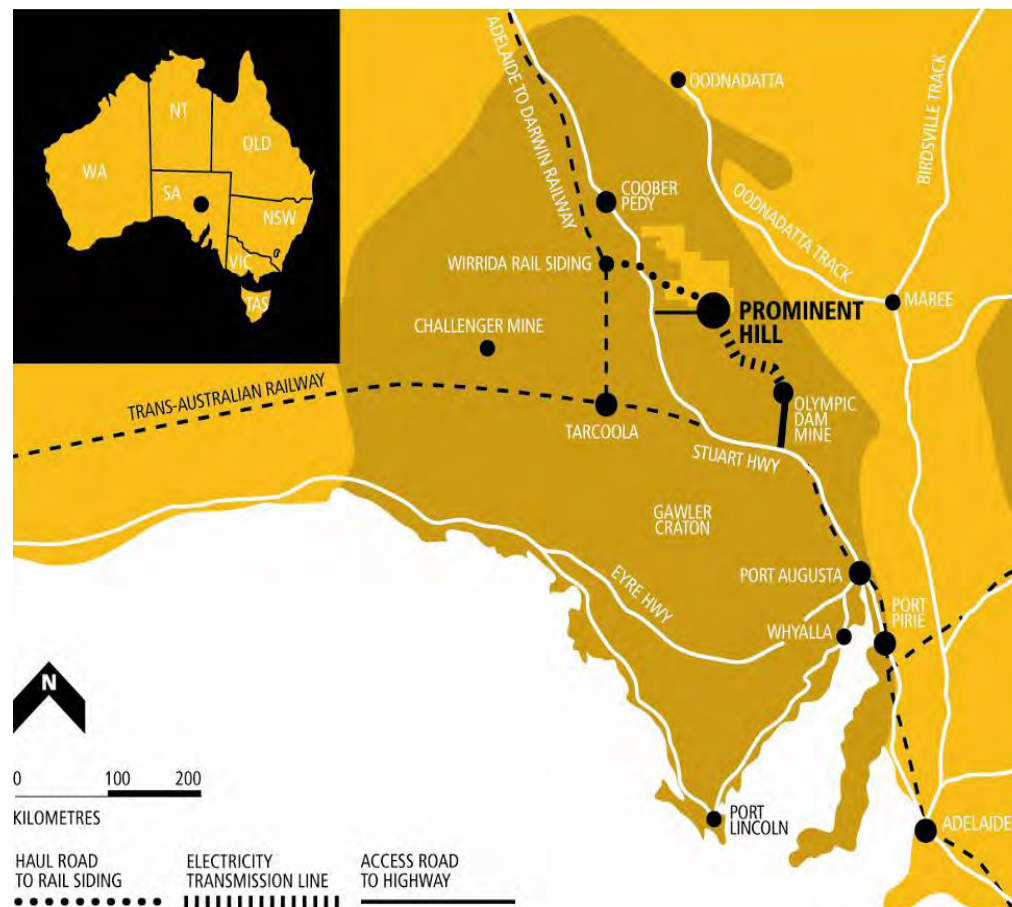
**Strip ratio:** 5-6 : 1 waste to ore  
(tonnes basis)

**Mine:** 45Mtpa open pit.

**Plant:** 8Mtpa concentrator

**Workforce:** 600 (including contractors)

\*Awarded by Australian Mining  
November 2009



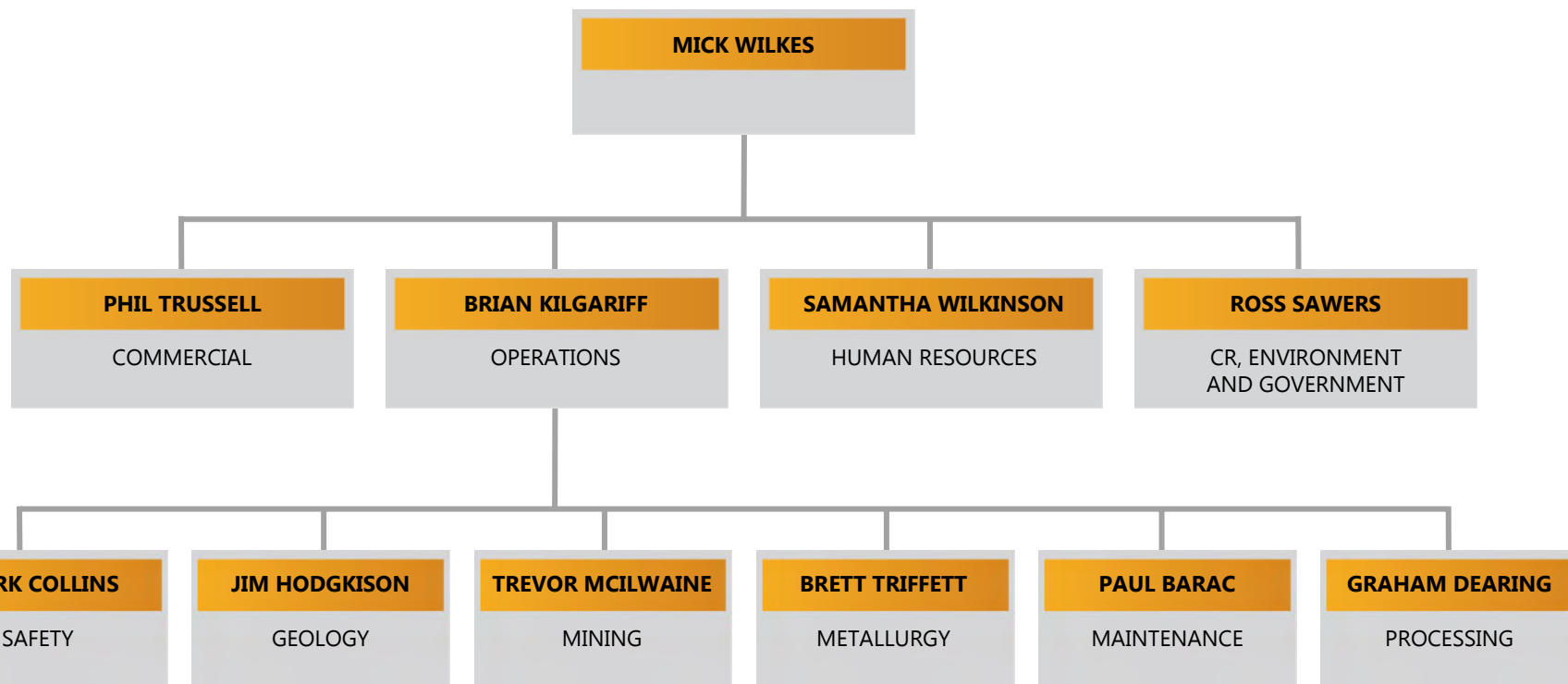
Note: Mineral Resources and Ore Reserves as at 30 June 2009, as published on 30 November 2009. Figures are rounded according to JORC Code guidelines. JORC Code Resources are inclusive of Reserves.

# PROMINENT HILL – EXCELLENT FUNDAMENTALS

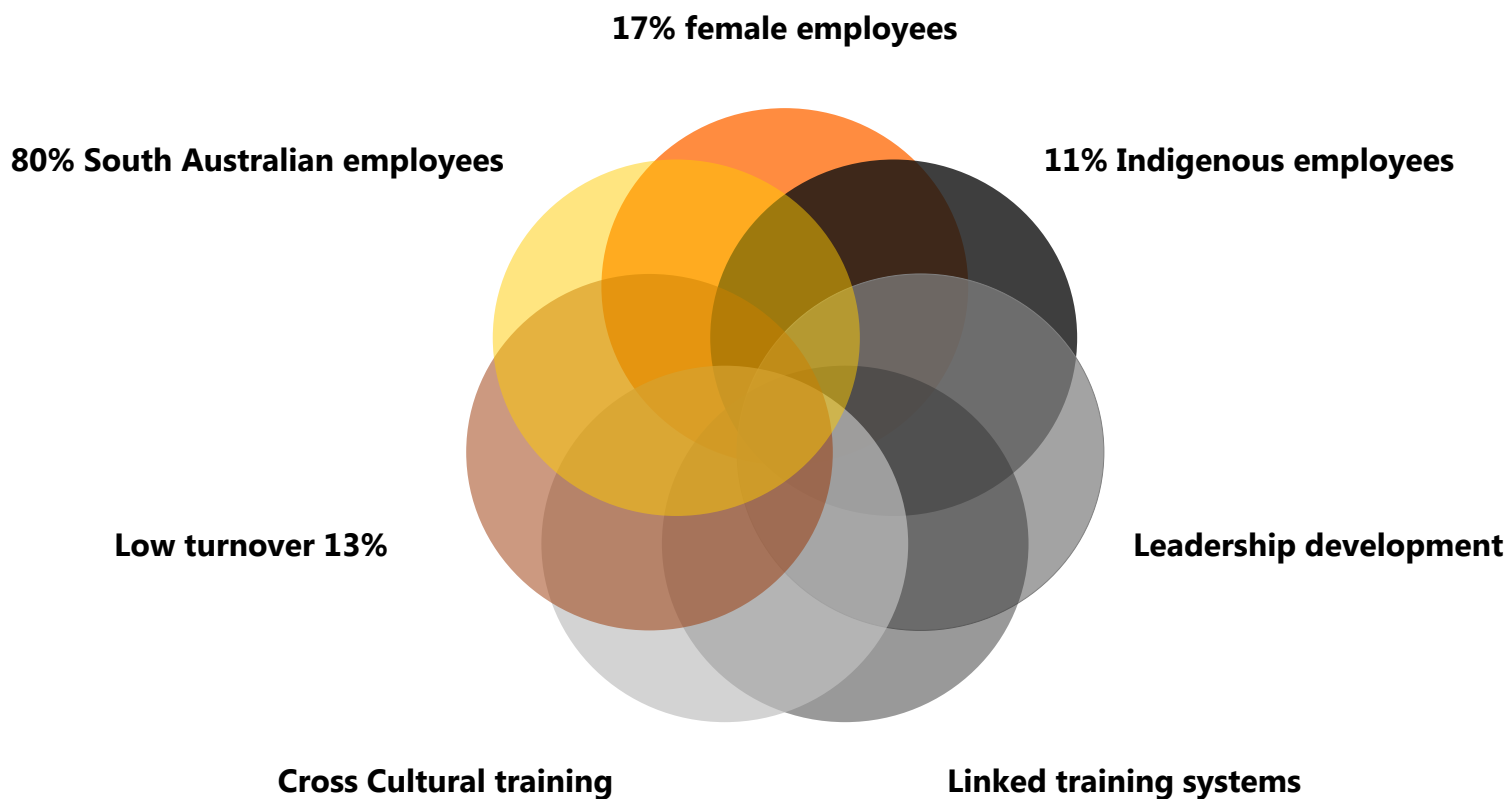


<input checked="" type="checkbox"/> High grade	<b>2010-2012</b>	– 100-110kt/a copper
<input checked="" type="checkbox"/> Good metallurgy		– 80-90koz/a gold
<input checked="" type="checkbox"/> Low operating cost		– C1 cash cost US85-95c/lb (2010 only)
<input checked="" type="checkbox"/> Expandable plant		– Increasing throughput to 8.8mtpa
<input checked="" type="checkbox"/> Excellent jurisdiction		– High grade concentrate ~50-55%Cu
<input checked="" type="checkbox"/> Low risk environment		– Sales to Asia, Europe and Australia
<input checked="" type="checkbox"/> Good logistics	<b>Average life of pit production:</b>	85 ktpa copper, 110 koz gold
<input checked="" type="checkbox"/> Significant exploration potential	<b>Current open pit mine life</b>	9 years
	<b>U/G development</b>	Potential significant Reserves increase
	<b>New orebody discoveries</b>	Multiple targets within trucking distance

# STRONG MANAGEMENT TEAM



# DEPTH, DIVERSITY AND SKILLS





# PROMINENT HILL

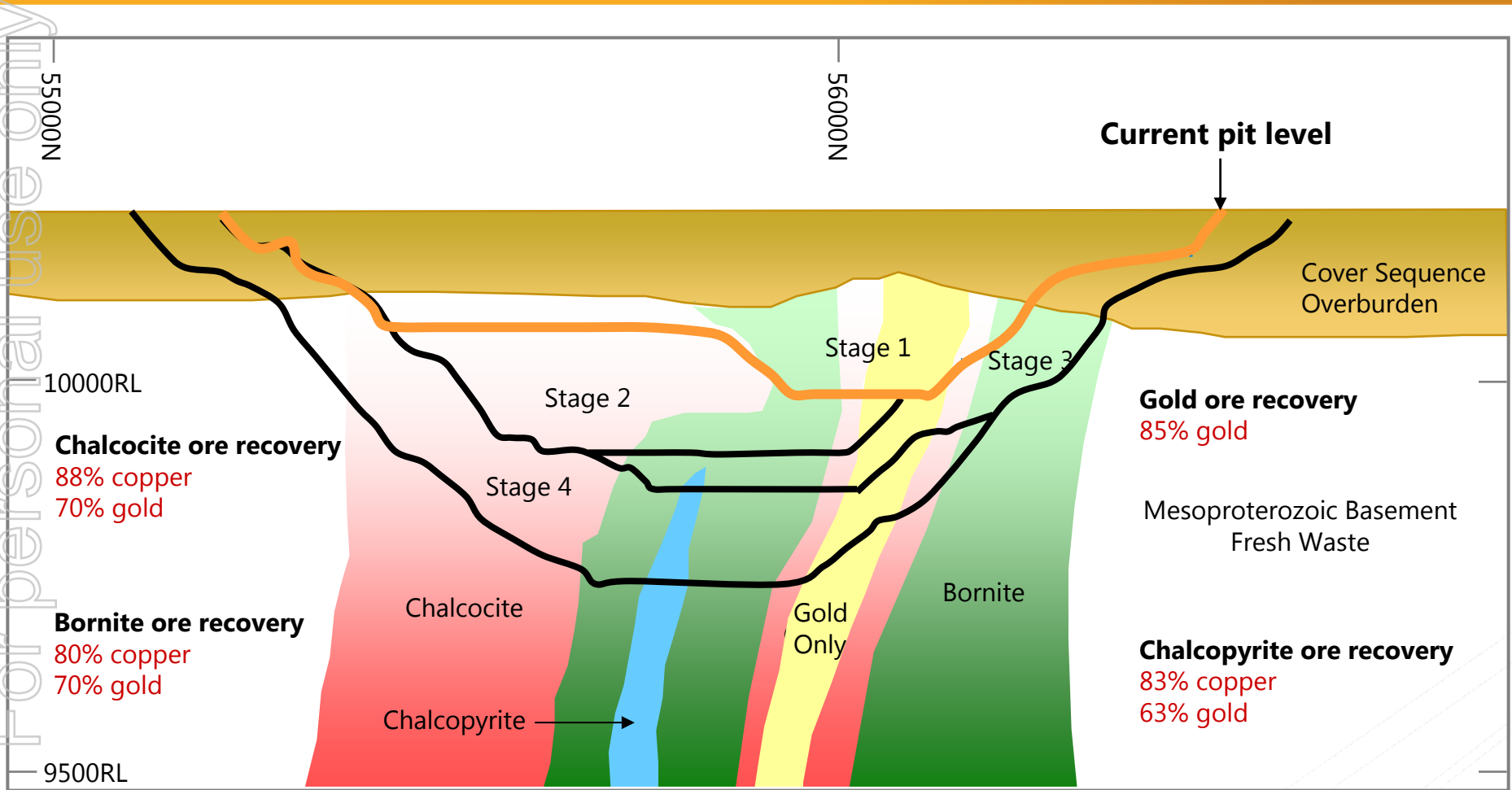


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# ORE TYPES AND INDICATIVE RECOVERY

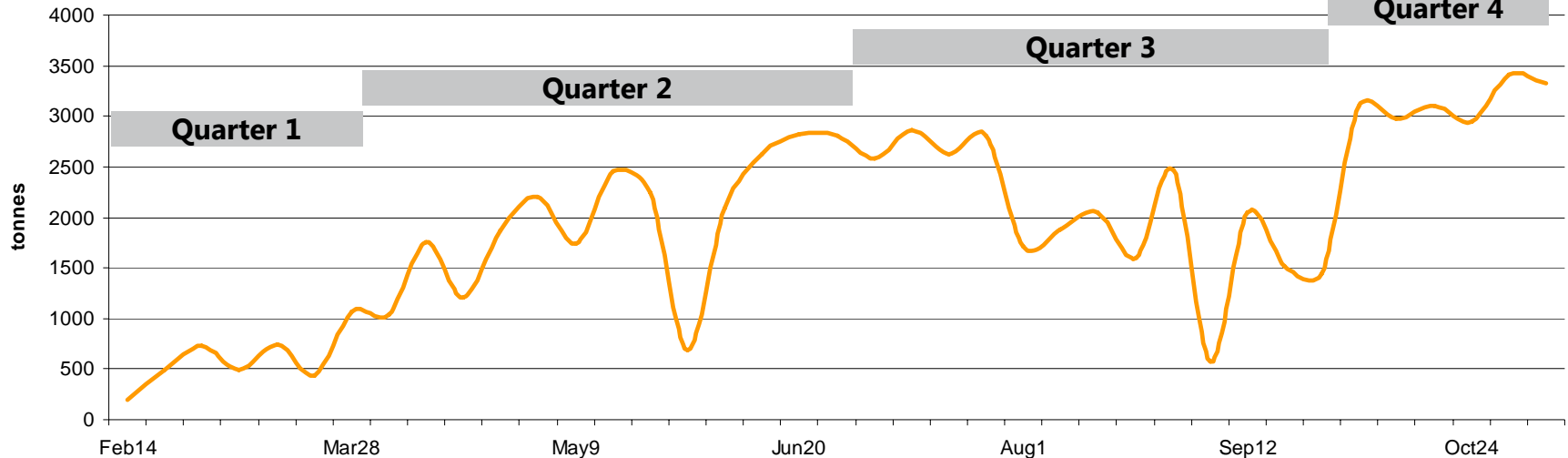


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# PROMINENT HILL AT FULL PRODUCTION



Contained Metal Produced per week 2009



## Ramp up in Q1 and Q2

- Proven plant availability and throughput
- Proven metallurgy
- Stable power supply
- Stable water supply

## Overcome issues in Q3

- Misfires
- Electronic soft starter on the mills
- High wear rates on the IsaMill
- Ore type variability

## At full production in Q4

- Good recovery
- High head grade
- Excellent throughput
- Good availability

# COSTS STABLE AND COMPETITIVE



## Significant cost elements:

1. Fuel
2. Power
3. Labour
4. Productivity



- Unit costs per tonne are tracking to plan
- Fixed costs make up 30-40%
- Higher throughput – lower unit costs
- Unit mining costs increase with depth
- ~80% of costs in AUD
- Secure contracts e.g. Thiess

# MARGIN IMPROVEMENT PROJECTS (MIP) – TOP 10



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	<b>Driver</b>	<b>Project</b>
1	Increase recovery	Optimise flotation reagents
2	Increase recovery	Engineered stockpiles
3	Reduce cost	Blast hole sampling for grade control
4	Reduce cost	Optimise powder factors
5	Reduce cost	Reduce ROM Pad rehandling
6	Increase water supply and ore throughput	Borefield optimisation
7	Increase ore throughput	Pebble crushing
8	Reduce water consumption and increase ore throughput	Increase tailings density
9	Reduce cost and carbon footprint	Water and energy consumption
10	Reduce future carbon cost	Develop green energy options





# SUMMARY OF OPERATIONS

- Excellent fundamentals
- Operating at full capacity
- Strong management and systems
- Low risk operation
- Strong government and community support
- Proven operational excellence
- Competitive operating costs
- High cash flow
- Ample power and water
- Increasing throughput
- Reducing costs
- Focus on maximising asset value

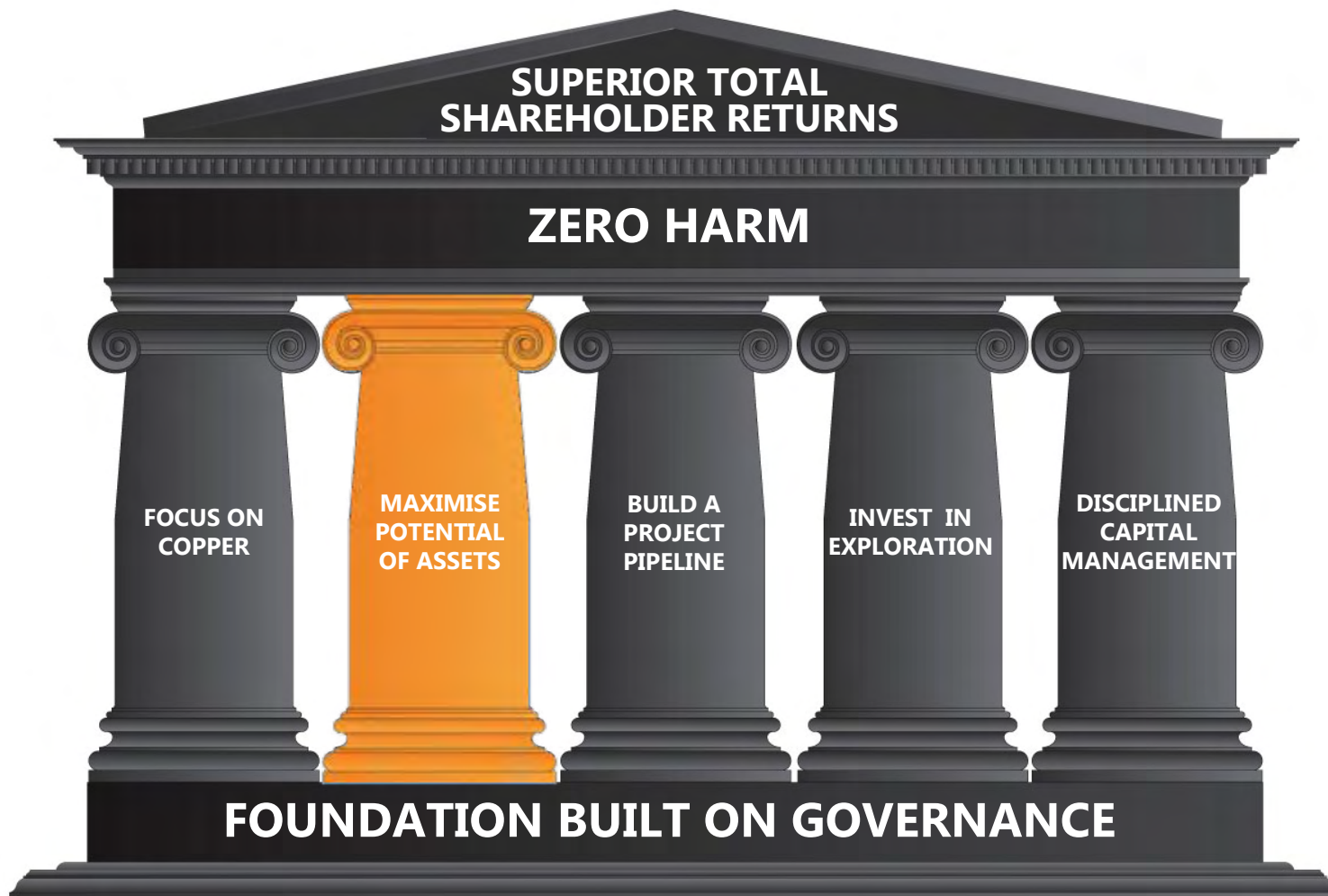


# SALES & MARKETING

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4.0 <b>RUSSELL GRIFFIN</b> GM Sales & Marketing	5.0	6.0		
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# STRATEGY



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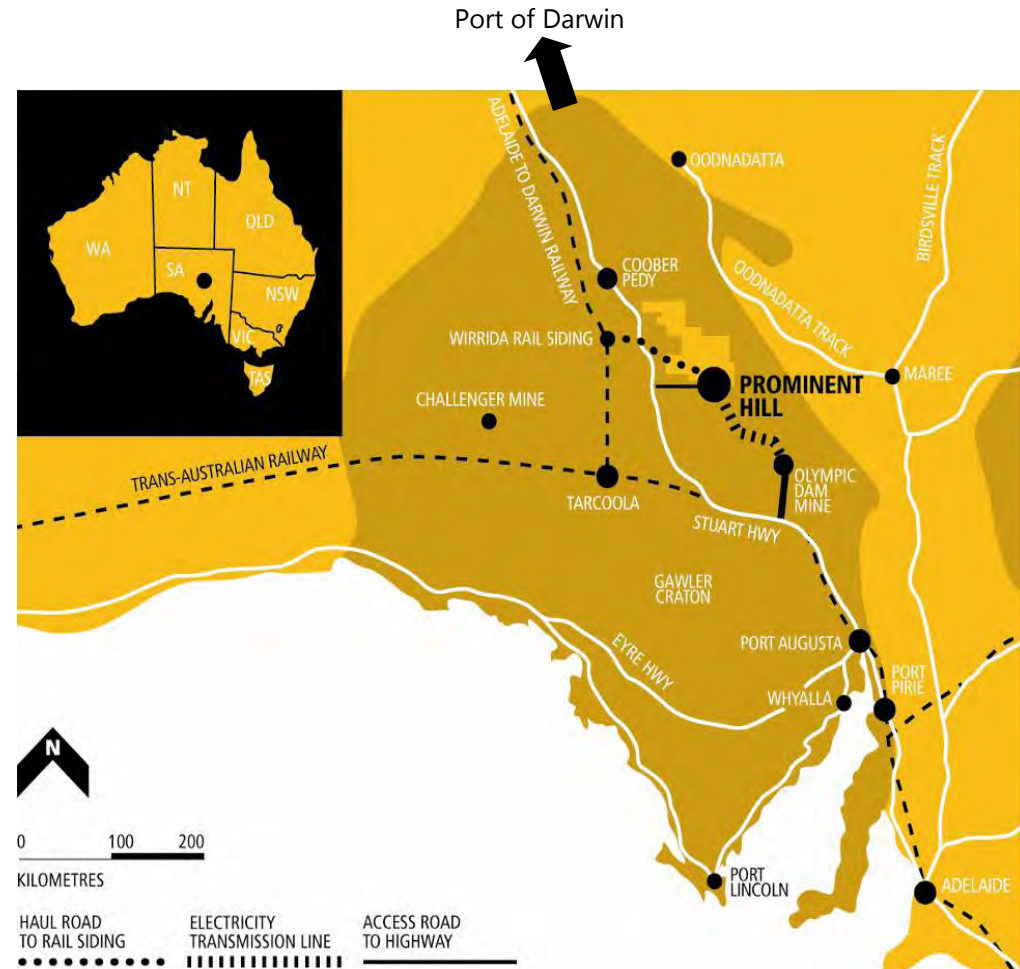


# SALES & MARKETING OF CONCENTRATES



Responsible for:

- Sales & logistics
- Setting and implementing marketing plan, 3-5 years
- Negotiating terms
  - frame, annual, spot
- Match sales to production
- Administering sales
  - 2 ships/mth & domestic sales
- Shipping and freight



# PROMINENT HILL CONCENTRATES SALES AND MARKETING



Sales plan & feasibility study - years 2006-8

Metallurgical test-work determined likely product quality

Initial assay from laboratory 'pilot' using drill-core

Representative samples

Introduced to major smelters

Samples & technical exchange

Commercial & counter-party risk assessed

Confidence building -> MOU -> contracts

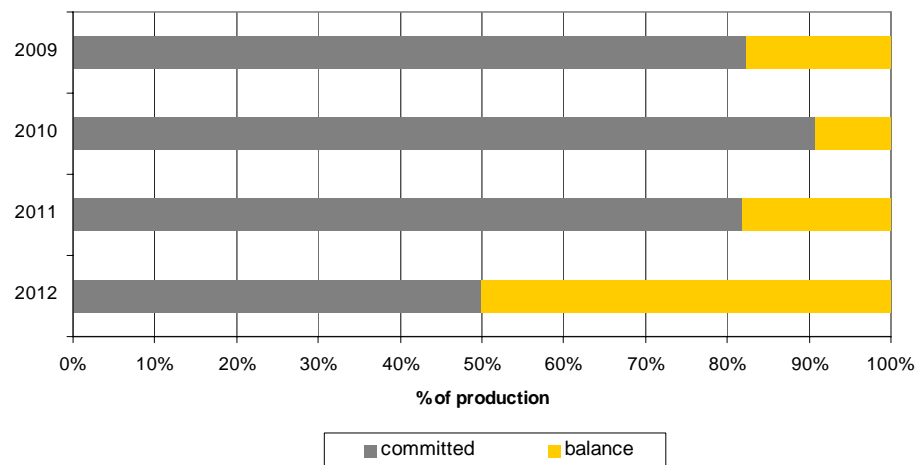


# SALES PLAN & MARKET DEVELOPMENT

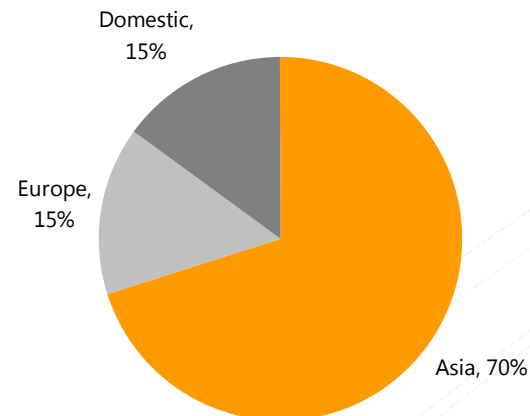


- Primary strategy: ensure viable export markets
- Several frame contracts / MOU's were signed:
  - 2 - 5 year frame, annual negotiation of terms (incl. TC/RC, QP, payables, penalties, freight, payment terms, delivery schedule)
- Commit 80-90% f'cast production, balance spot

Production committed to Sales Agreements



Prominent Hill sales 2009-10



# PROMINENT HILL CONCENTRATES: COMPETITIVE ADVANTAGES



## Highest grade Cu

- CU levels globally declining
- Lower freight/handling costs per unit/metal
- Less slag per unit of metal

## Low impurities (As, Bi, Hg, Zn/Pb)

- Helps smelters' blending
- Arsenic levels globally rising
- Contained U&F manageable

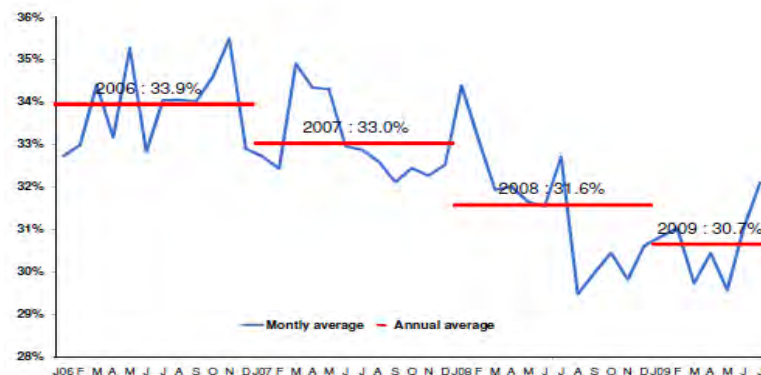
## Short transit time

- Two weeks to major custom smelters in Asia
- Planning certainty for customers

## Benefits to OZ Minerals

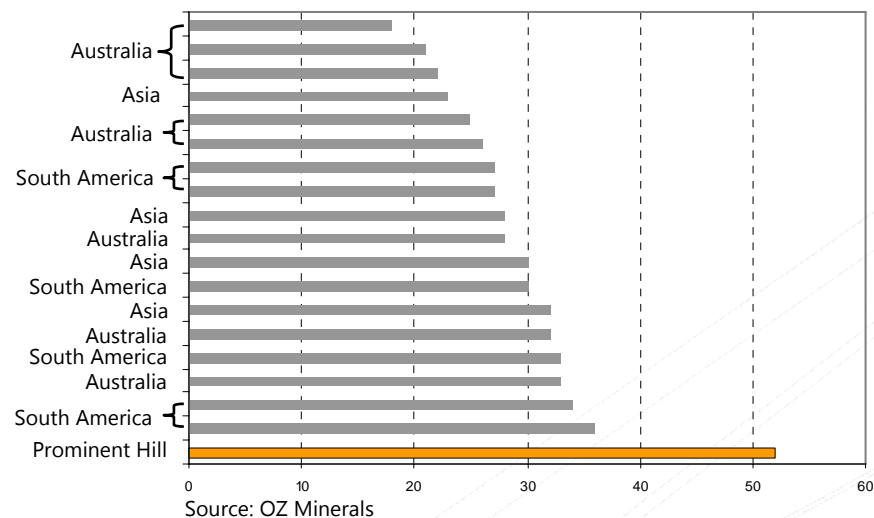
- Higher payable Cu
- Lower transport cost/unit metal
- Cash-flow
- Wide smelter acceptance

**Exported copper concentrate grades – Chile**  
Monthly average, copper concentrate grade, % Cu



Source: CRU

**Traded concentrates, Cu content [% Cu]**

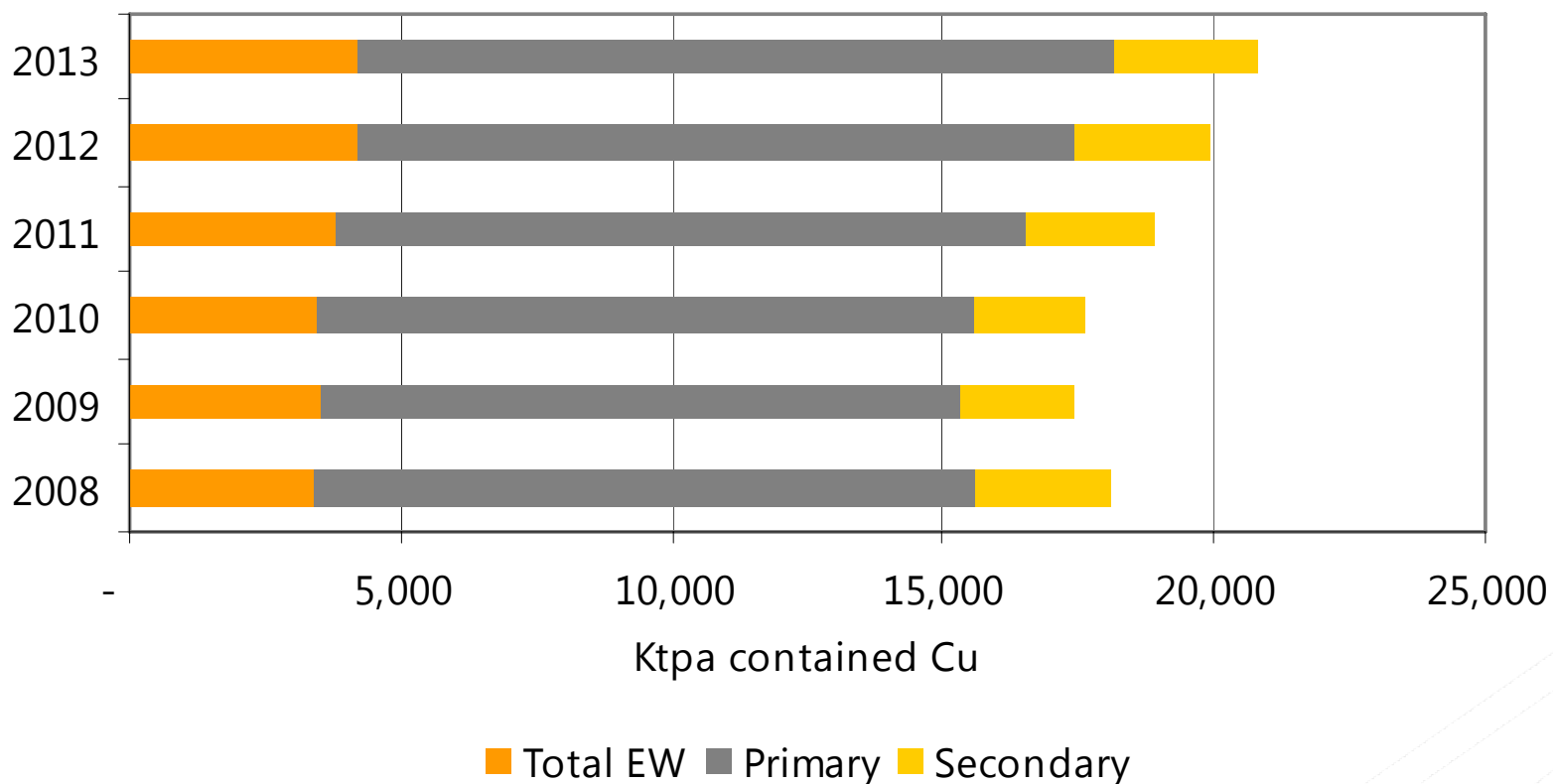


Source: OZ Minerals

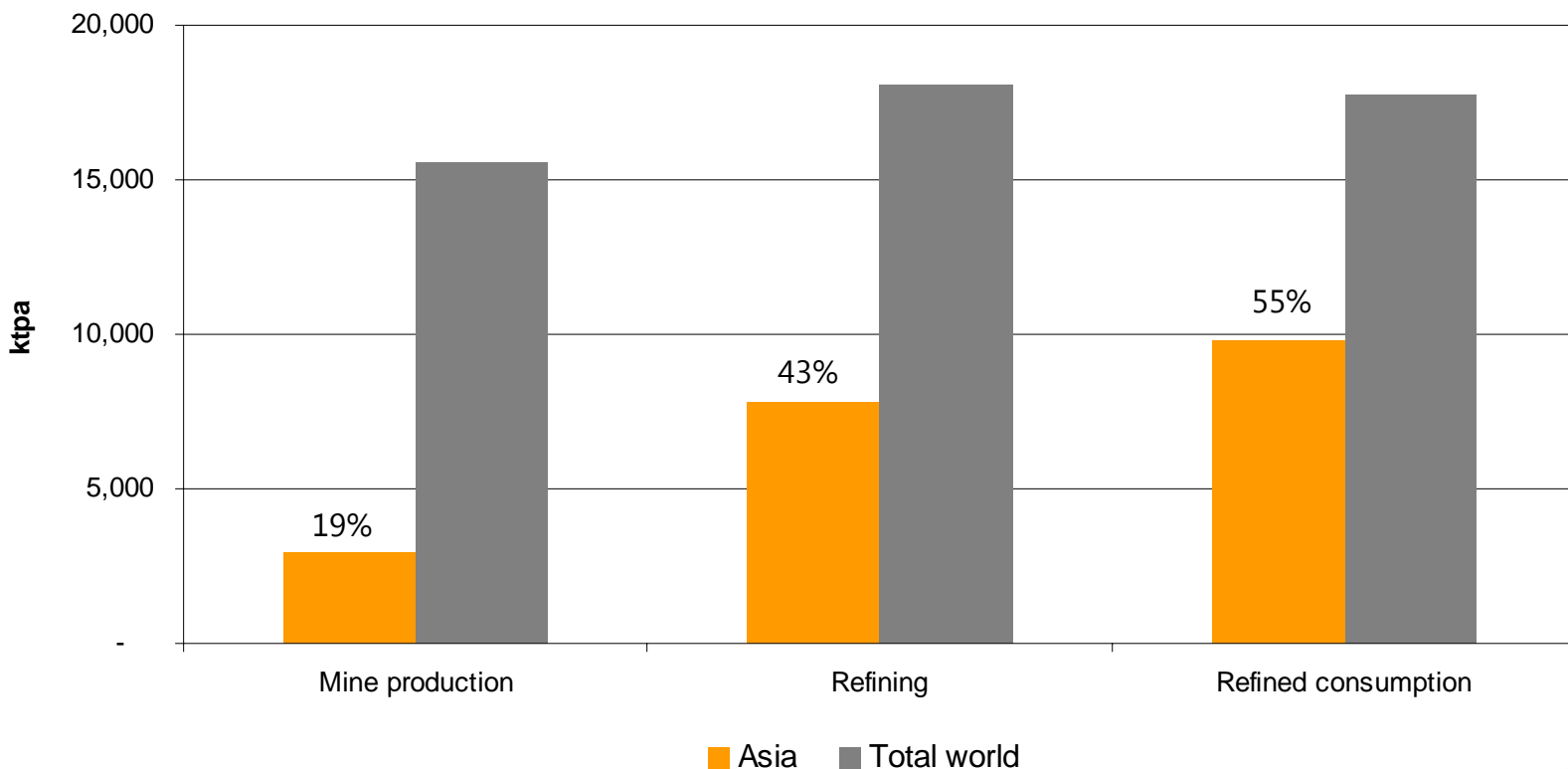
# CUSTOM SMELTING INDUSTRY - OUR MARKET



Global refined copper production by source (Ktpa)



# CUSTOM SMELTING INDUSTRY - OUR MARKET



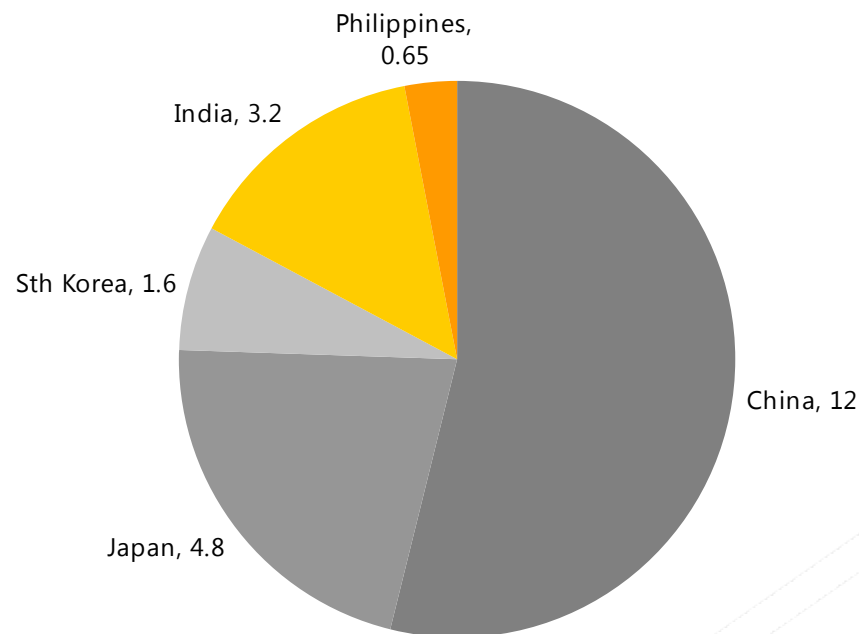
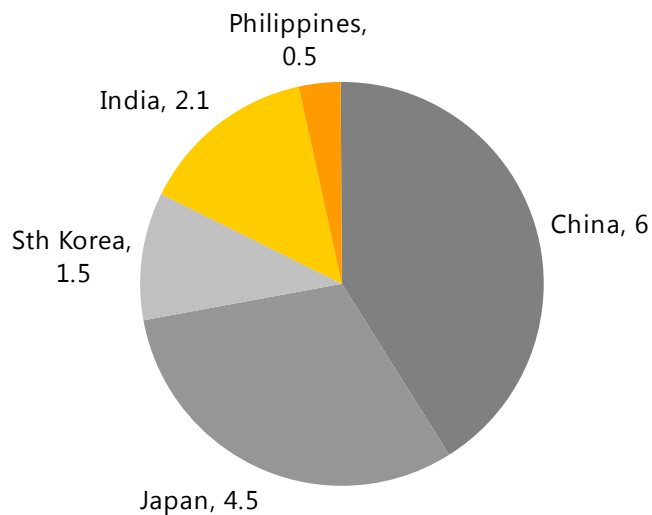
Asia: largest net importer of cathode and concentrate, basis 2009/10

# CUSTOM SMELTING INDUSTRY - OUR MARKET



**Year 2008: Major custom smelters, Asia.  
Actual concentrates demand [Millions tonnes pa]**

**Year 2014: Major custom smelters, Asia.  
Forecast concentrates demand [Millions tonnes pa]**



Total smelter production in Asia approx 6.6mt contained Cu

Total smelter production in Asia approx 9.6mt contained Cu

Source: CRU 2009

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# PROJECTS & TECHNICAL SERVICES



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**JOHN NITSCHKE**  
EGM Projects &  
Technical Services



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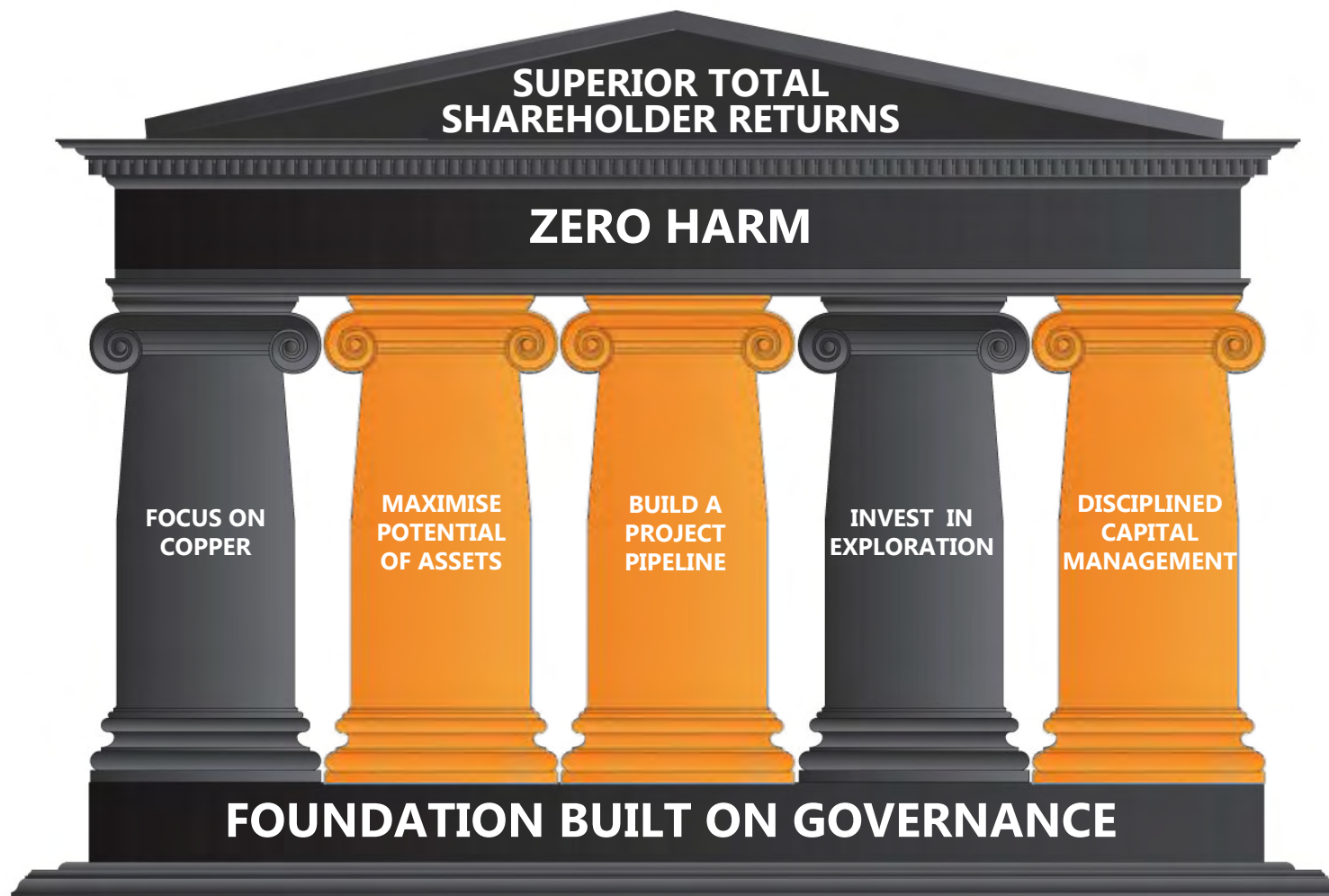
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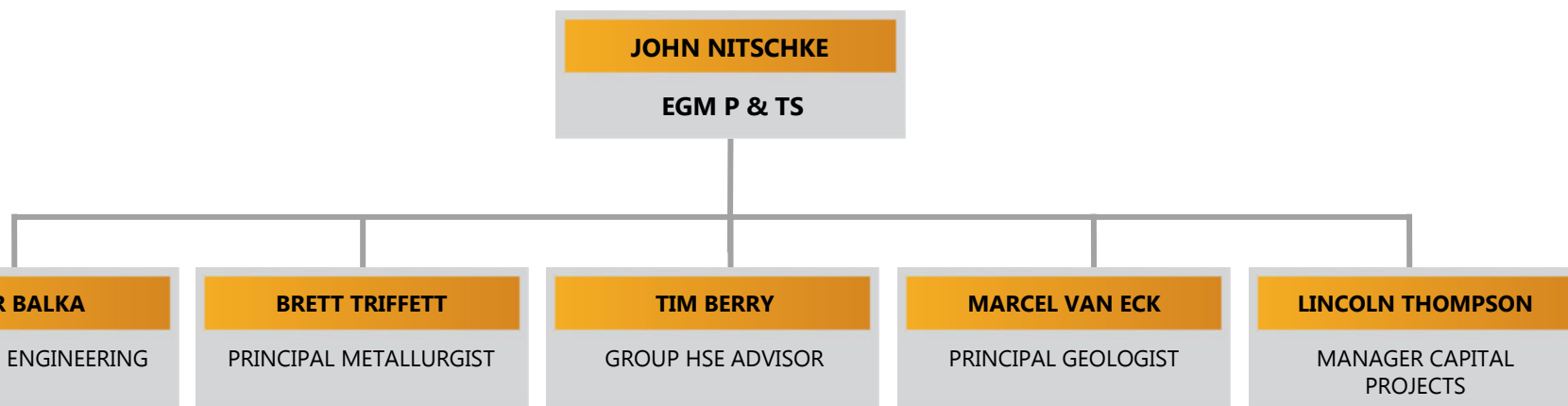
# STRATEGY



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# PROJECTS & TECHNICAL SERVICES

## THE TEAM

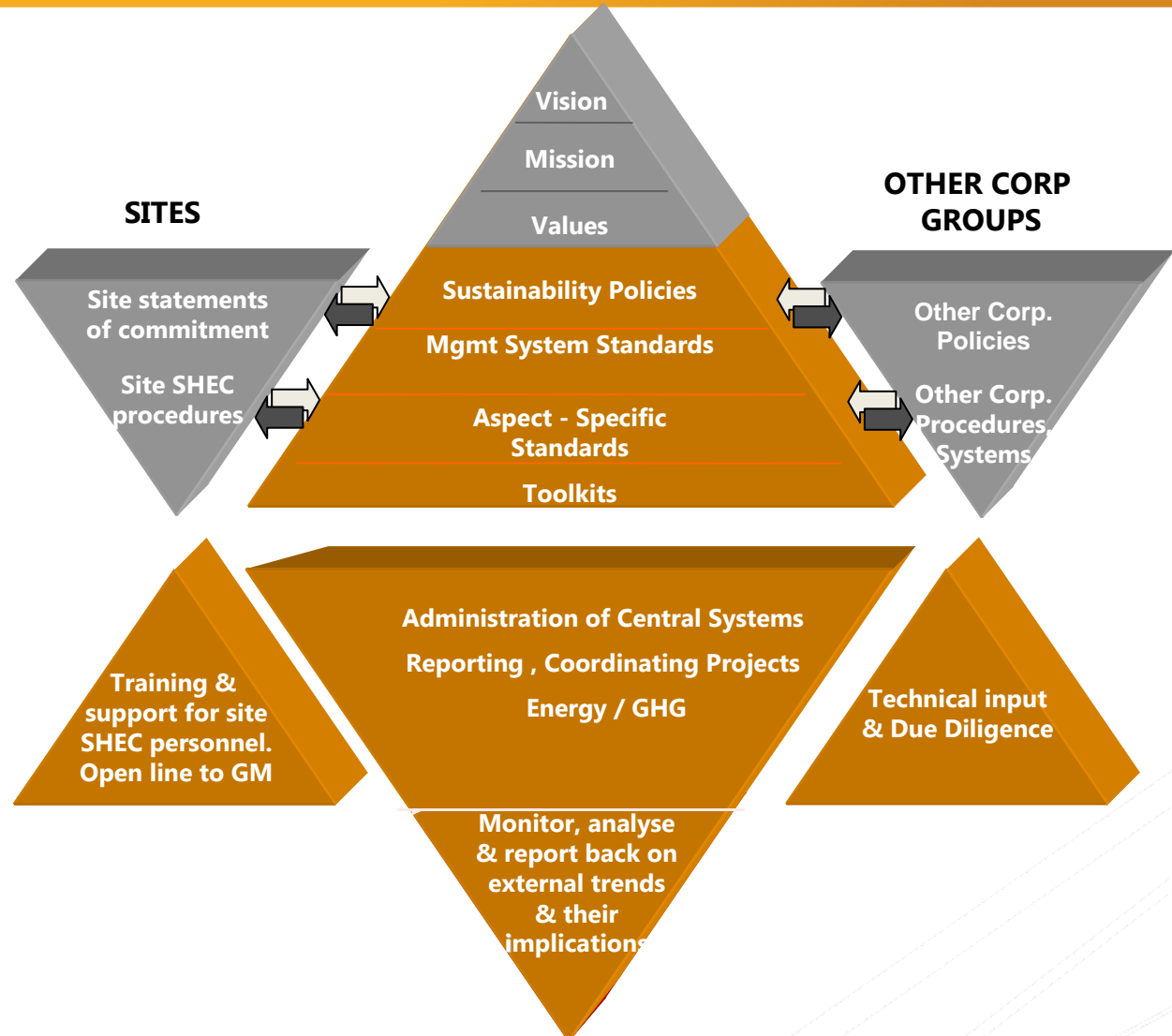


# COMPLIANCE FRAMEWORK UNDERPINS GOVERNANCE



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- Culture
- Policy Alignment
- OZ Integrated Management Standards



# GREENHOUSE GAS FOOTPRINT



Brand new plant

- Connected to national grid
- Maximum unit size
- Latest technology

Maximum Energy Efficiency

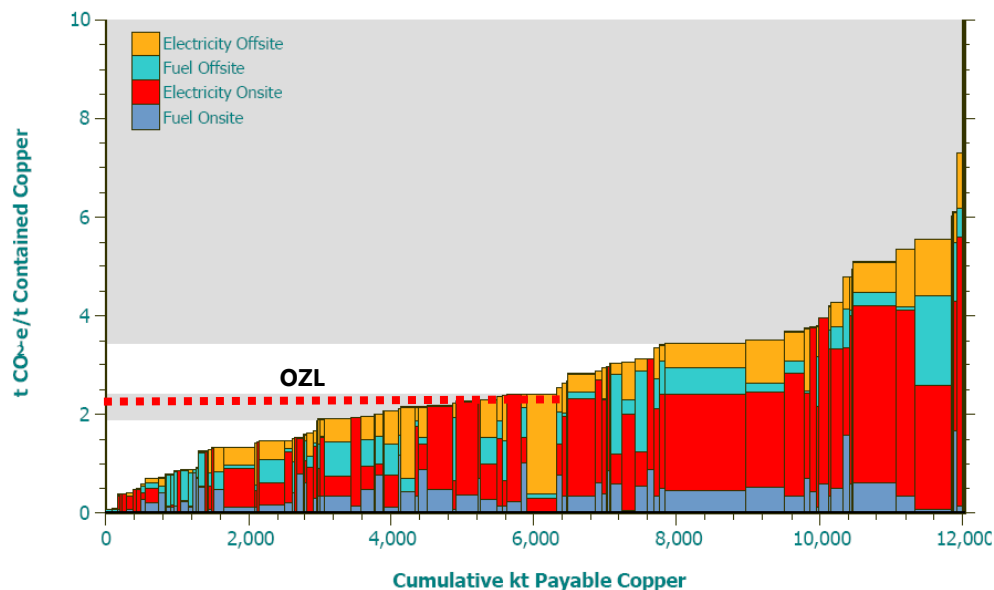
Opportunities to underwrite islanded power sources

Reporting requirements for EIEO and NGER Act embedded and audited

Carbon emissions of 66,700t of CO<sub>2</sub> eqv (June Qtr 2009)

- Approximately 2.5t of CO<sub>2</sub> eqv per tonne of Cu metal at full production

Total GHG Emissions per payable tonne of Copper by Mine



Source: Minecost.com

# USING TECHNOLOGY TO MAXIMISE ASSET VALUE



## - AMIRA Planning and Rapid Integrated Mine Optimisation Project (Primo)

- Mine design optimisation software
- OZ Minerals was a foundation member
- Prominent Hill underground case study
- Used for cut-off grade, decline and stope design optimisation

## - Other projects

- Modelling of mineral processing (grinding and flotation)
- Characterising surface chemistry factors that determine mineral recovery
- Geo-metallurgical characterisation

# INVESTMENT PROCESS SUPPORTS DISCIPLINED CAPITAL MANAGEMENT



Investment decision must be considered and developed in a phased approach

Decision points to manage level of exposure and cost of investigations



Initial opportunity assessment. Rough cost and benefit analysis.

Rank according to risk and reward. Sequence projects over 12 months.

Brainstorm, identify options, define project, est. pre-FS cost. +/-40%

Study & cull options, process flow sheets, layouts, infrastructure, prelim mine design, design criteria +/-25%

Refine optimal operating scenario sensitivity analysis Execution strategy +/-15%

Value engineering, revise reserve estimate, review schedule & cost. +/-10%

Award contracts. Detailed engineering procurement, installation, spares.

Dry commission. Wet commission. work with operators to achieve handover.

Extract value from project.

What could it be?

What should it be?

What will it be?

Deliver the project

Extract the value

Each phase has different objectives and methodologies

# USE ASSESSMENT CRITERIA TO FILTER CAPITAL PROJECTS



## PROJECT ASSESSMENT CRITERIA

- Return on investment  
Cost of Capital, Risk
- Material benefit in  
earnings/cashflow/NAV
- Opportunities for growth
- Ability to add value, synergies  
aligns with OZ's profile
- Quality assets  
(technical/product/margin/life)
- Market acceptability  
Acceptable risk profile
- Acquisitions on acceptable terms  
Within funding capacity



# OUR PROJECT DELIVERY CREDENTIALS



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- Martabe Permitting
- Sepon Copper Expansion
- Dugald River BFS
- Izok Lake BFS
- Prominent Hill Underground

- Being a Partner of Choice
  - Employees
  - Communities
  - Regulators
  - Engineers
  - Peer group companies
  - Contractors and Suppliers
- Strong Processes



# POTENTIAL TO MAXIMISE PROMINENT HILL VALUE

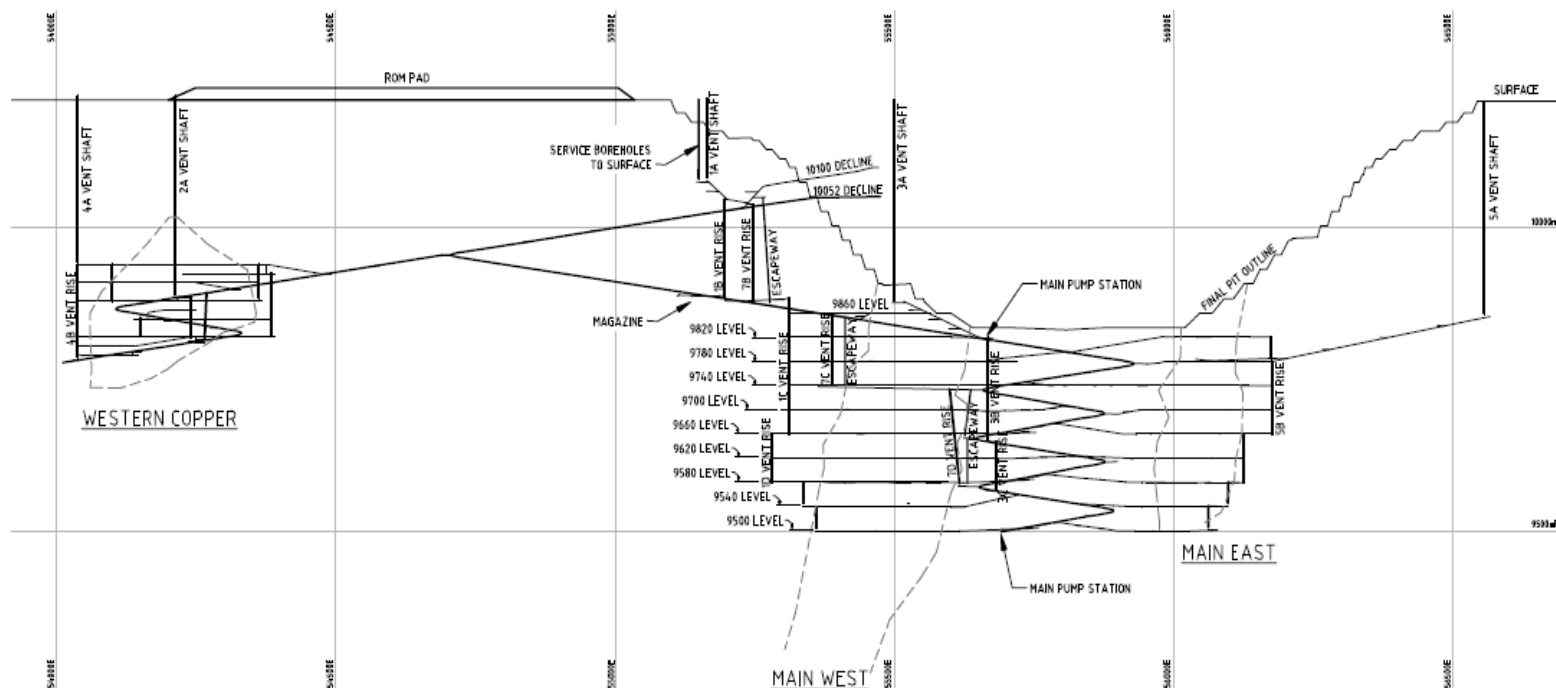


Prominent Hill underground Feasibility Studies underway

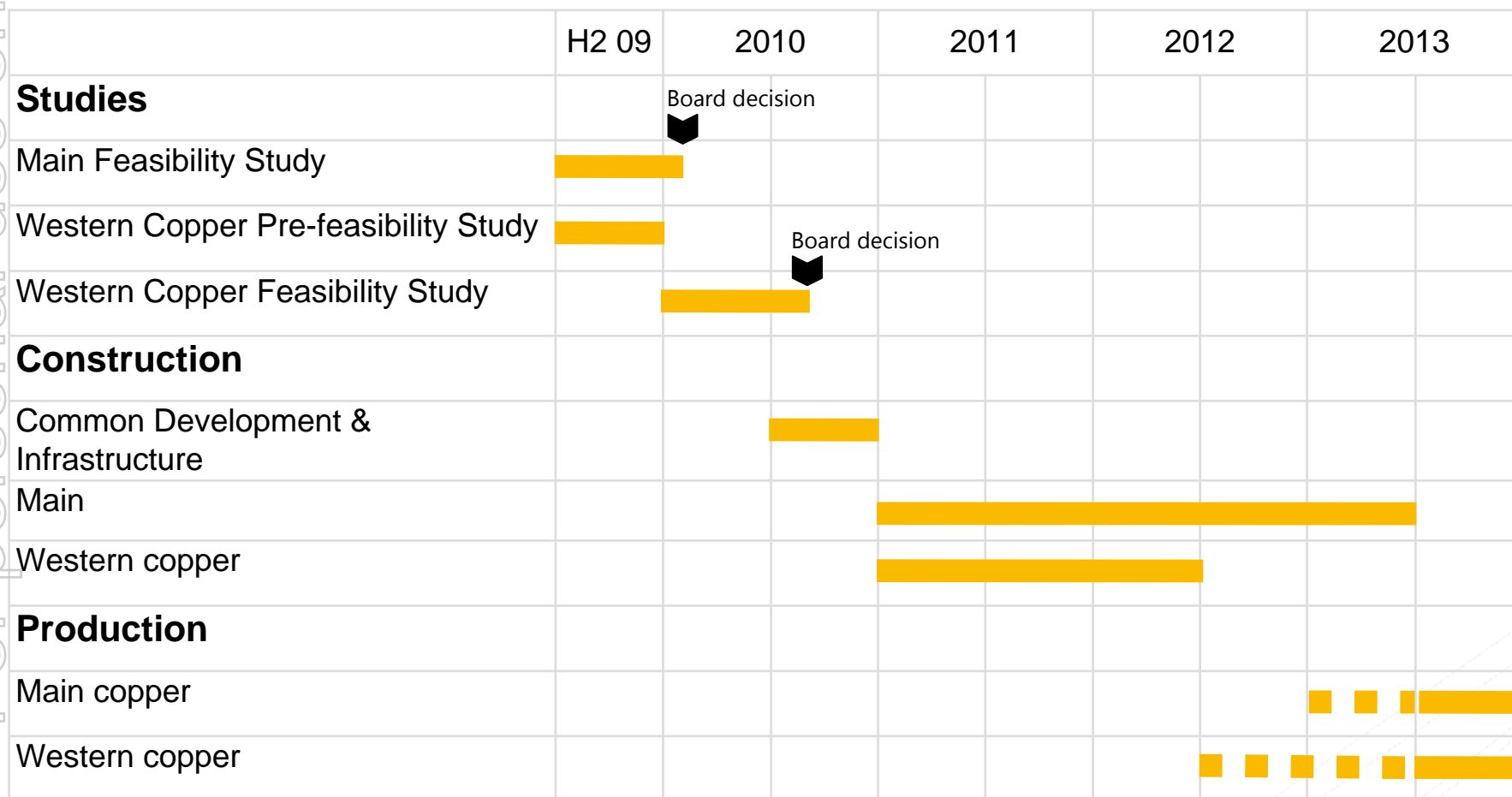
Potential to maximise value at Prominent Hill by mining underground resource concurrent with the open pit

This enables:

- Copper production profile to be maintained/increased beyond 2012
- Economies of scale by sharing overheads
- Maximum recovery of underground inventory



# INDICATIVE UNDERGROUND SCHEDULE



# PROMINENT HILL UNDERGROUND KEY METRICS



## Underground Mine

- Sub level open stoping
- Paste backfill
- Chalcocite bornite ore
- Truck haulage

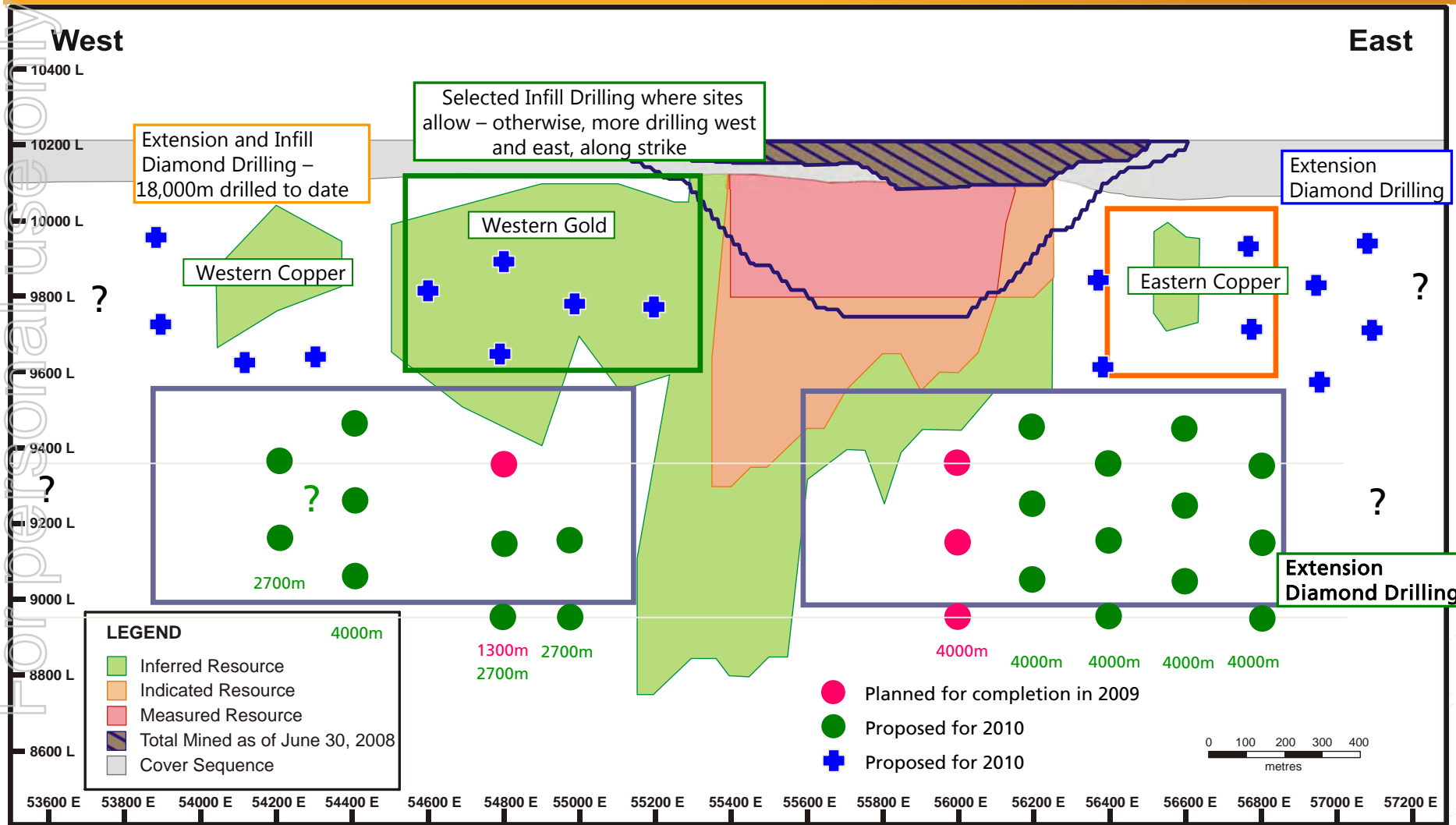
## Capital Costs

- Main \$170-200m
- Western Copper \$80-100m

## Production

- Main 1.5Mtpa to produce ~20-30kt Cu plus 25-30koz Au over 7 years
- Western Copper 1.0Mtpa to produce ~ 15-25kt Cu plus 5-10koz Au over 6 years

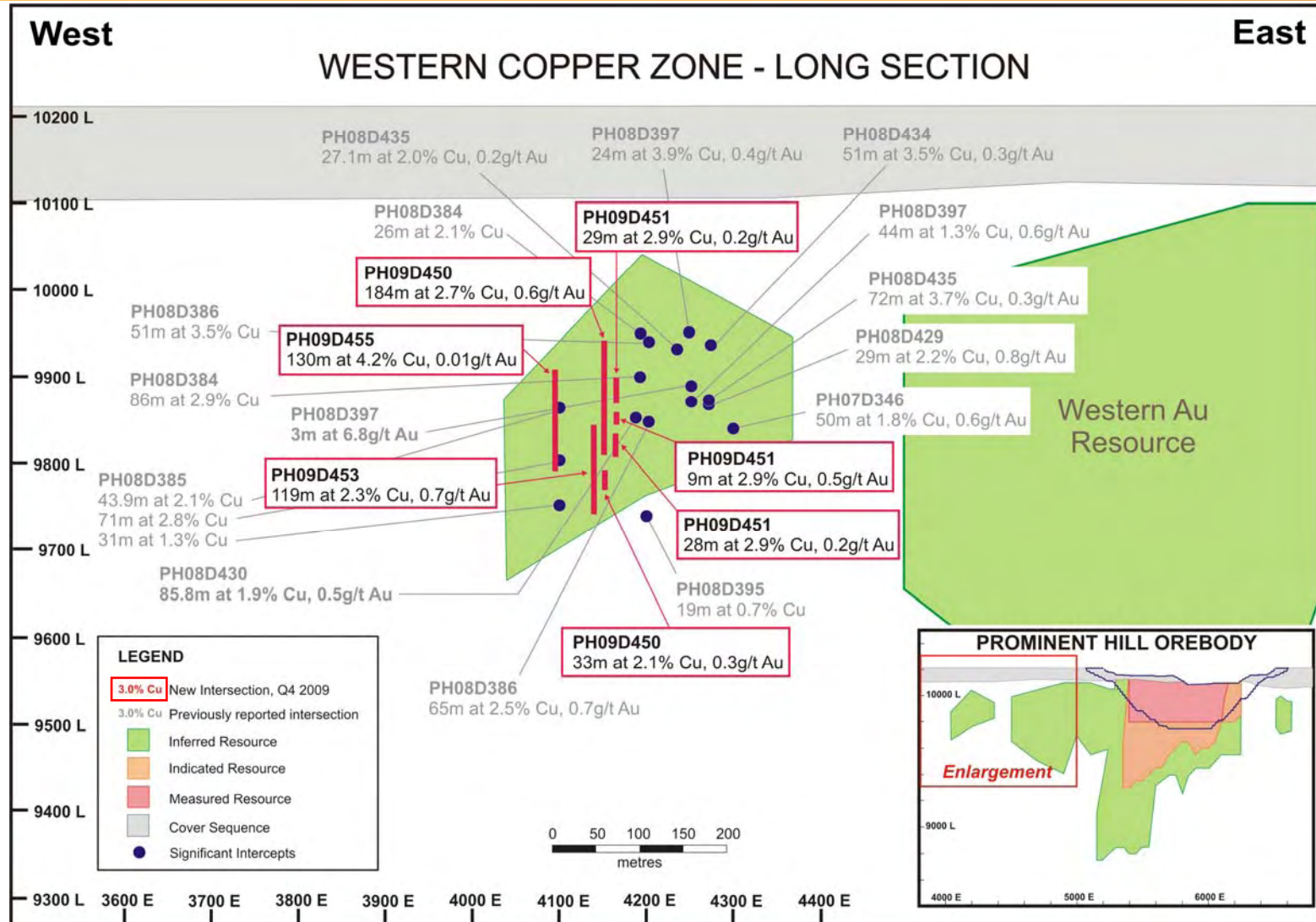
# RESOURCE DEVELOPMENT DRILLING - MAXIMISING ASSET VALUE



# RESOURCE DEVELOPMENT DRILLING - MAXIMISING ASSET VALUE



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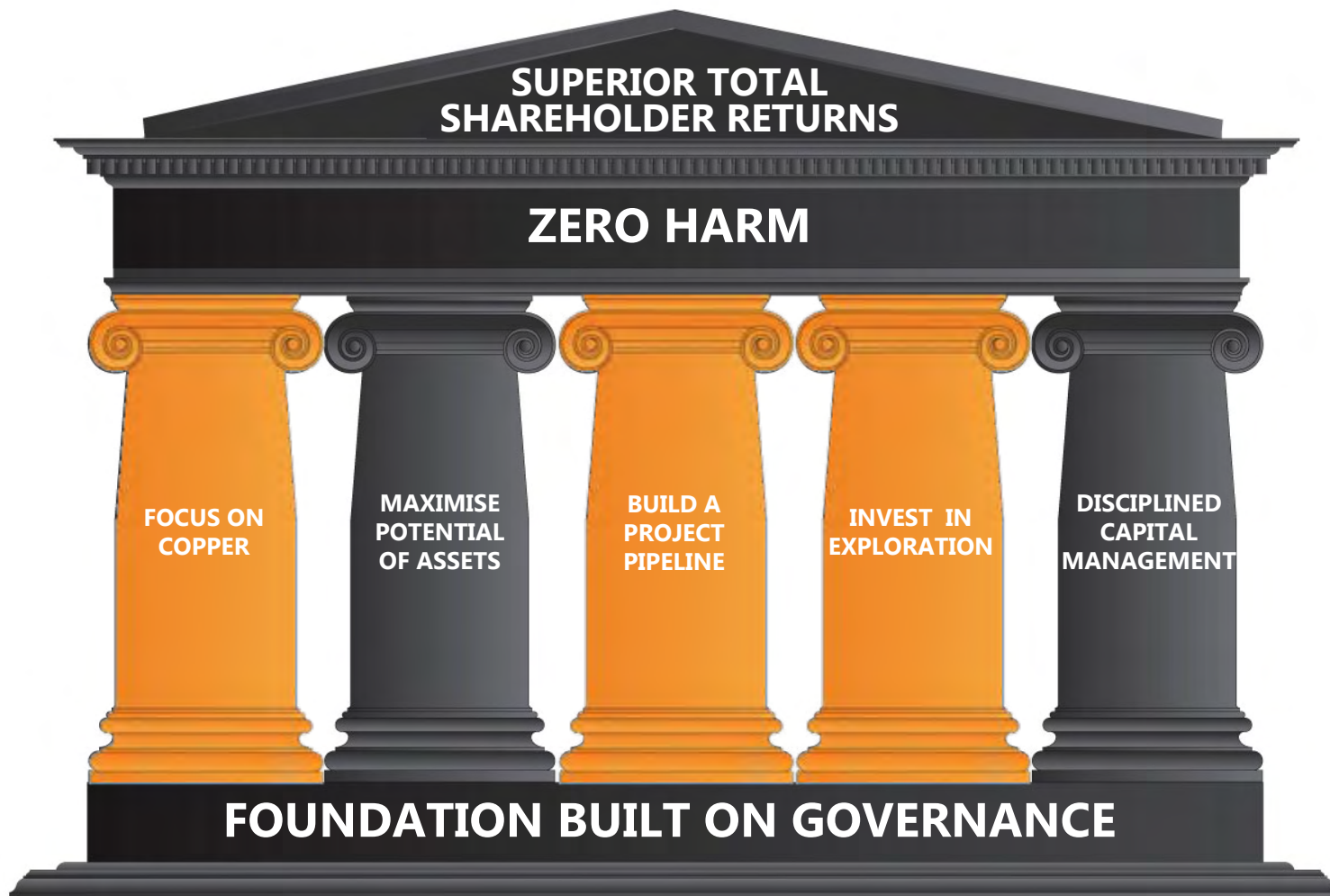


# EXPLORATION

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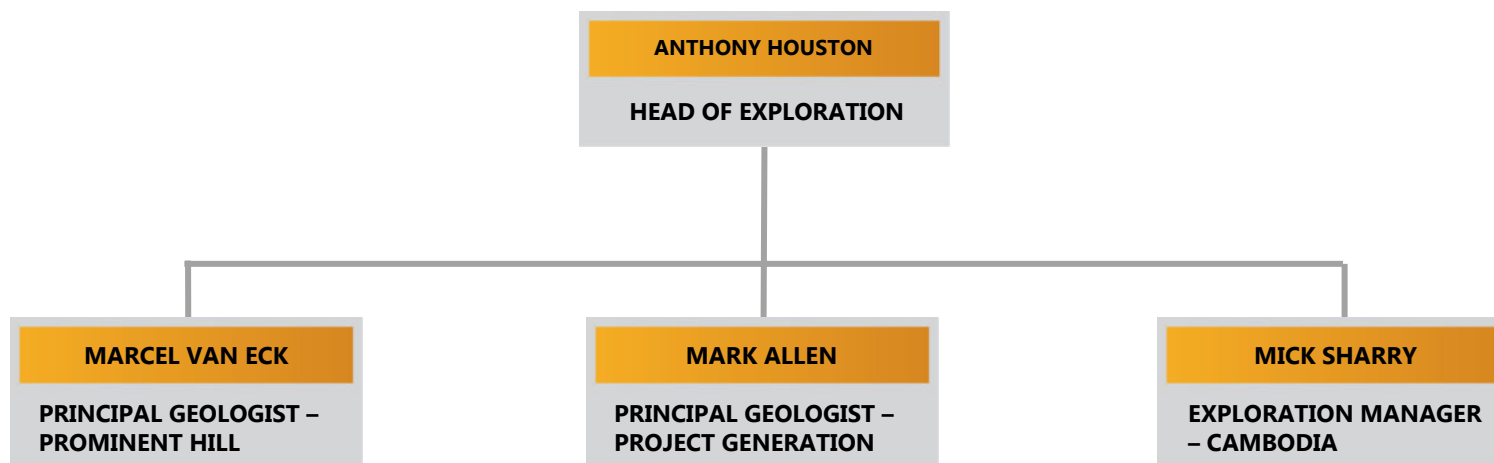
# STRATEGY



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# OZ MINERALS KEY EXPLORATION STAFF



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# OZ MINERALS: EXPLORATION CURRENT STATUS



## Prominent Hill

- Target: +100Mt @ 1% Cu, 0.6g/t Au
- 19 regional gravity/magnetic targets
- Already wide intersections of low-grade copper intersected.
- IP techniques positive

## Cambodia

- Aim to define a resource at Okvau by Q1, 2010. ("Foundation Resource")
- Five other nearby gold targets to be tested during 2009/10. Initial target see potential for +2.0 Moz.
- Longer term - "Multi million oz district play"

## Cobar

- Target: CSA style copper targets
- Applications pending

## Thailand

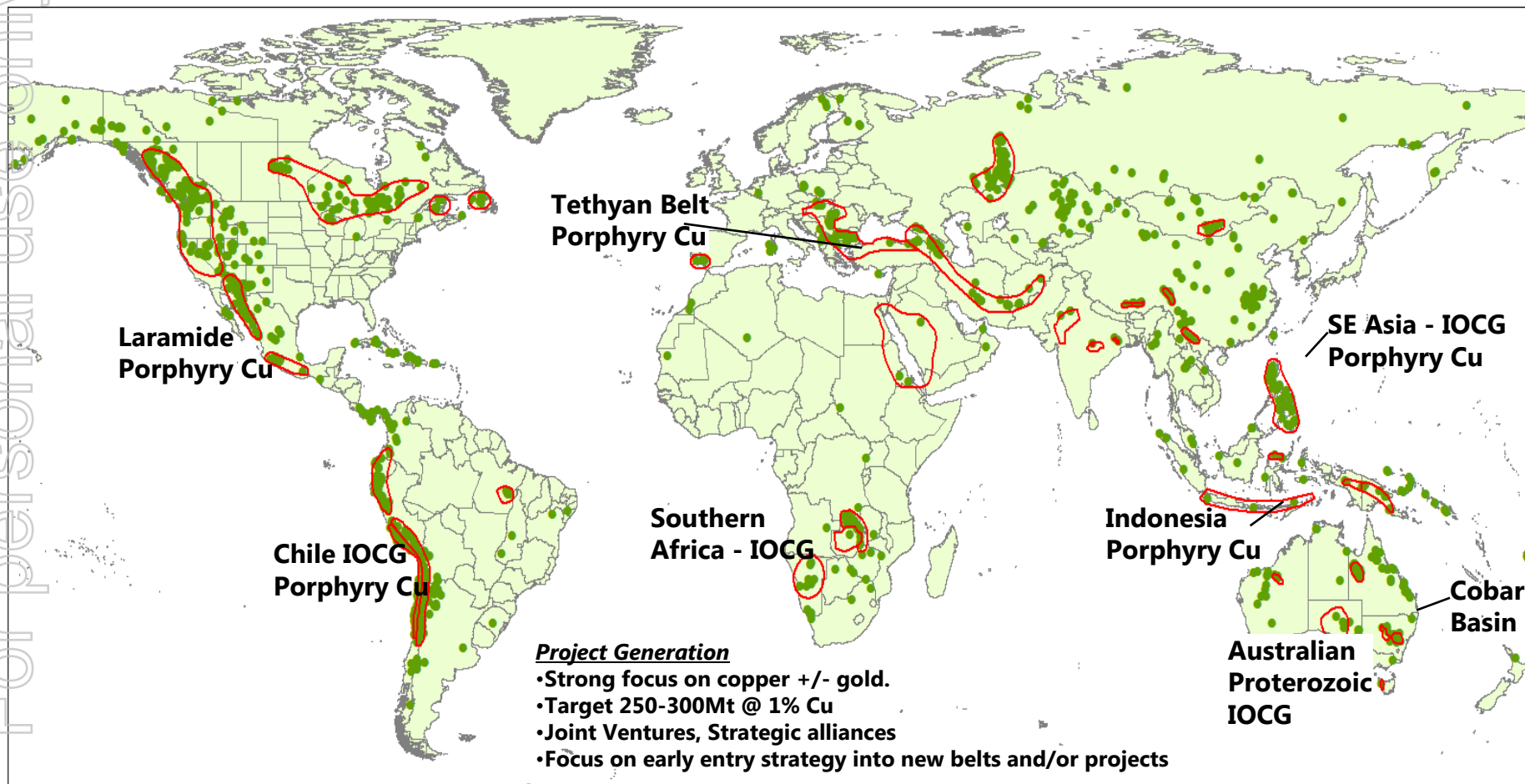
- Target: niche greenfields exploration opportunities
- Licence applications pending

## Laos

- Target: Cu-Au projects
- Evaluating JV opportunities



# GLOBAL COPPER – PROJECT GENERATION CURRENT FOCUS AREAS



# EXPLORATION OVERVIEW

## CURRENT PORTFOLIO



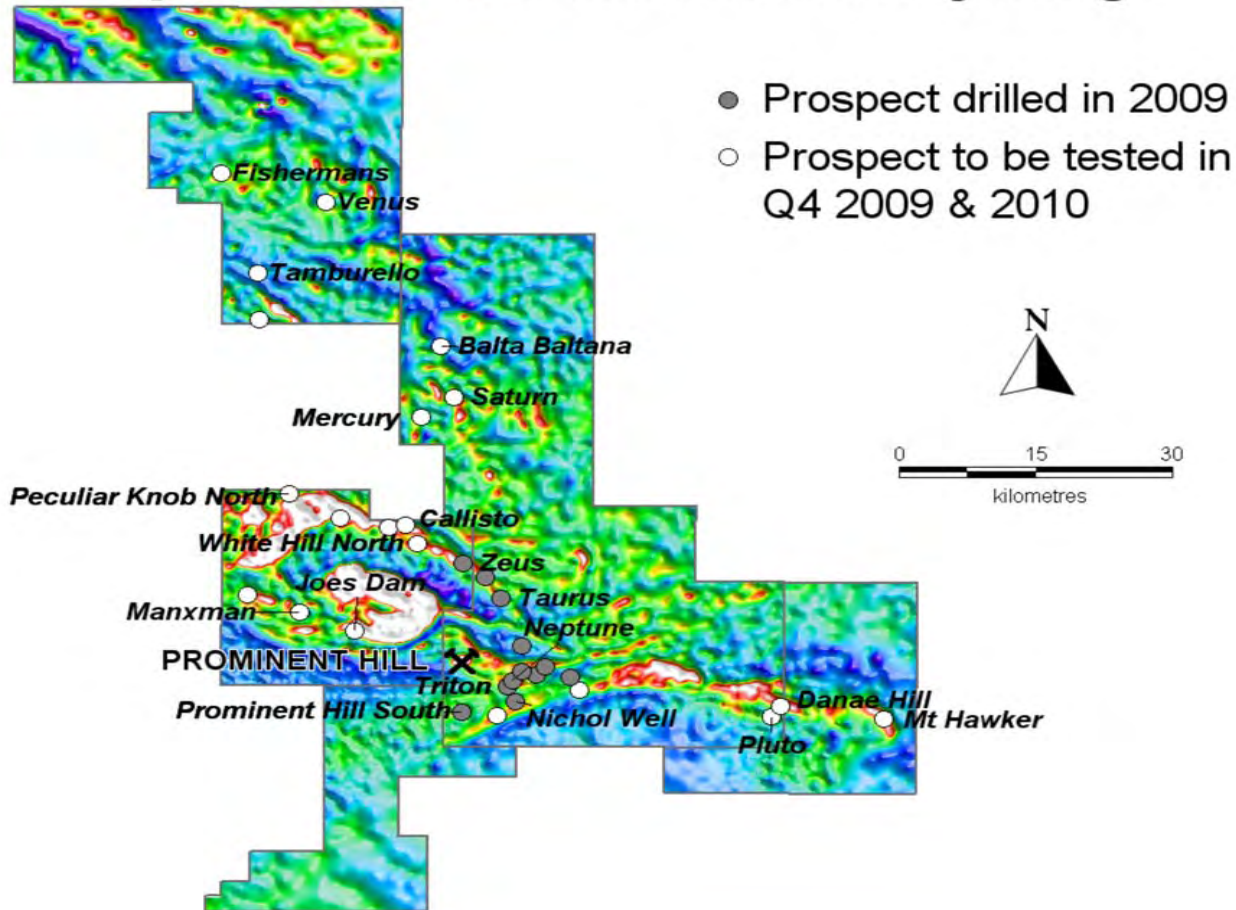
### Prominent Hill - #1 Focus

- 4000 Km<sup>2</sup> exploration package
- 19 targets defined to date from gravity and magnetics
- IP test surveys showing promising results. Potential direct targeting tool
- Early initial encouragement from drill results at Triton and Nichol Well Prospects
- Target size - >100mt @ 1% Cu, 0.6 g/t Au

# PROMINENT HILL REGIONAL TARGETS



## OZ Minerals Prominent Hill District Exploration Licences and Gravity Image



# EARLY DRILL RESULTS - SOME ENCOURAGEMENT



## Triton Prospect

### **DD09TR1006**

**182.8 m @ 0.25% Cu from 261m**

including

75 m @ 0.39% Cu from 261m

including

15 m @ 0.53% Cu from 428m

## Nichol Well Prospect

### **DD09NWL001**

**115.6 m @ 0.16% Cu from 149.4m**

including

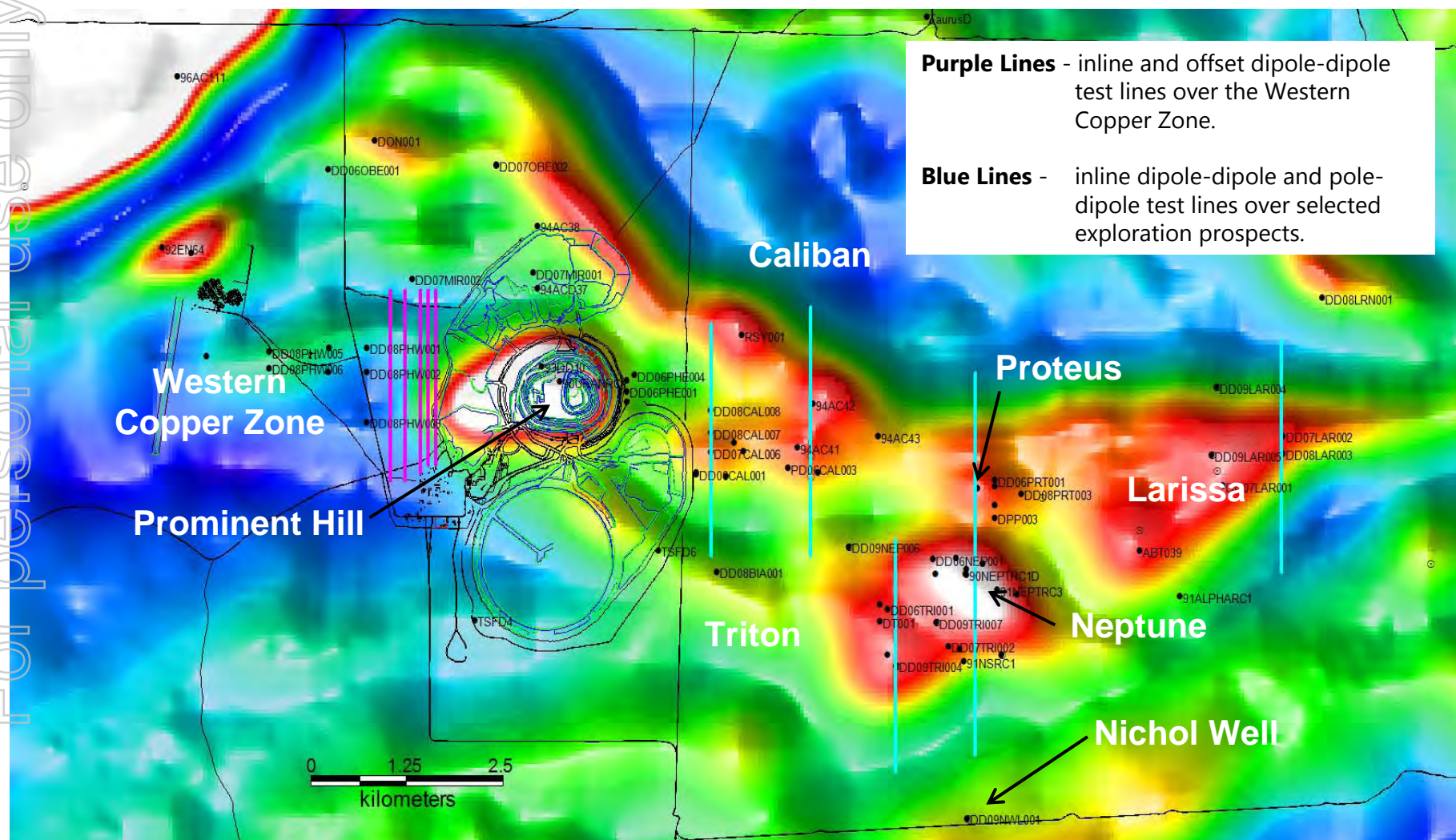
71 m @ 0.16% Cu from 149.4m

including

19.3m @ 0.21% Cu from 231.7m



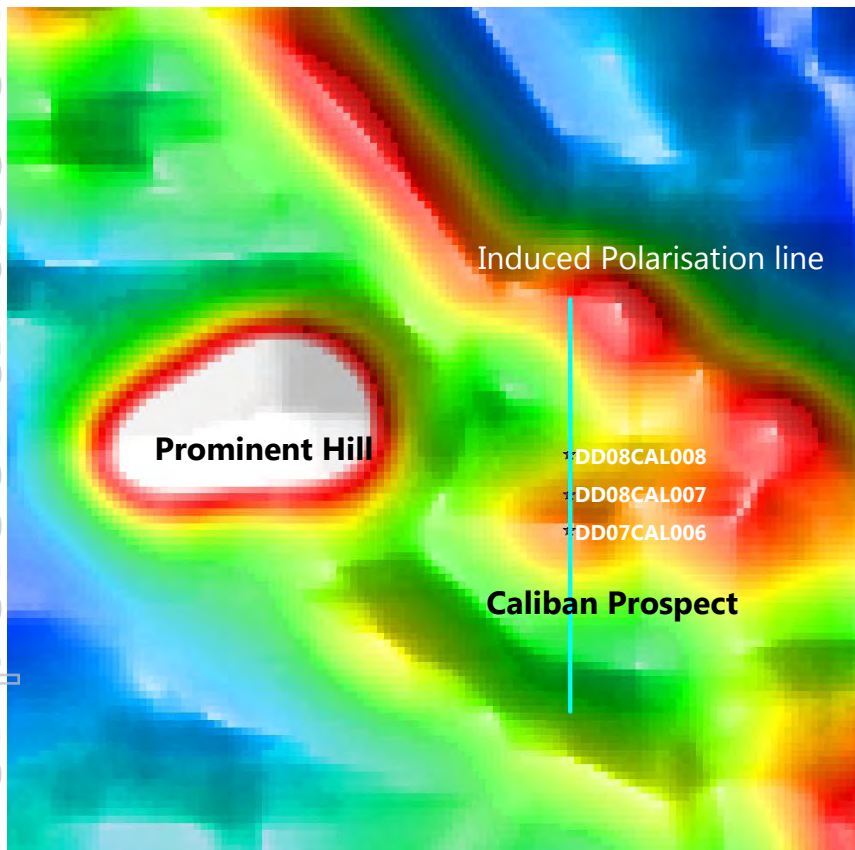
# INDUCED POLARISATION (IP) - TEST PROGRAM



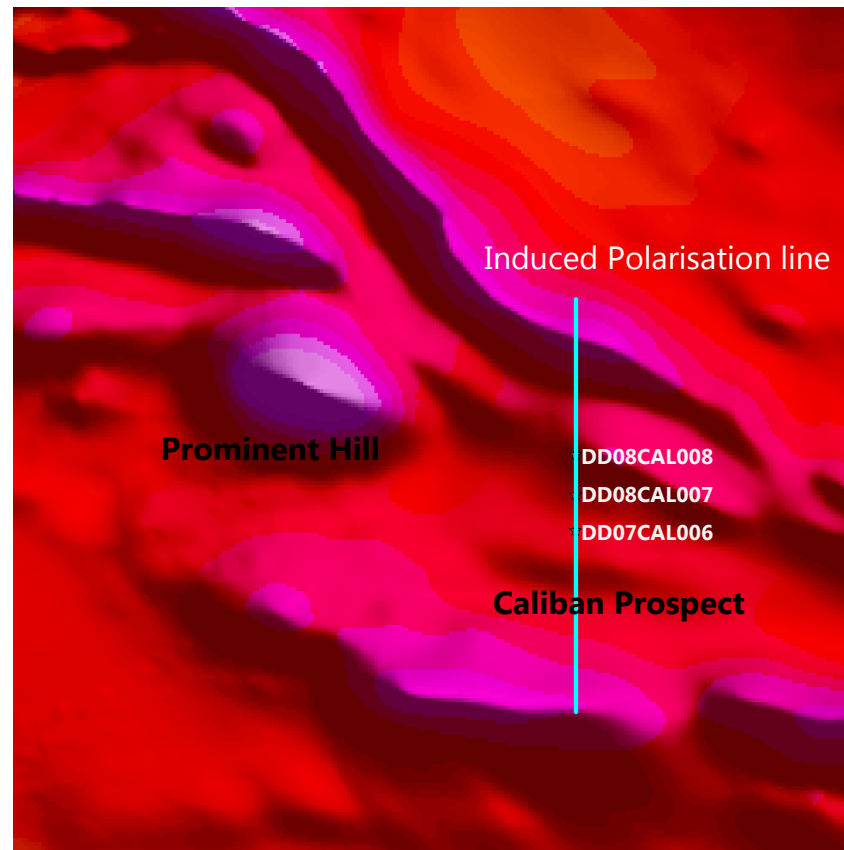
# MAGNETIC AND GRAVITY SURVEYS - CALIBAN PROSPECT



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Gravity Grid - (1<sup>st</sup> Vertical Derivative)



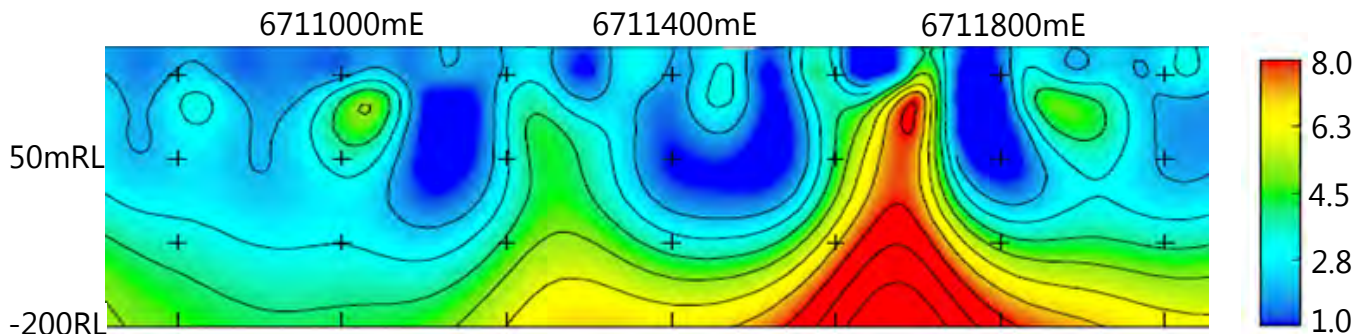
Magnetic Grid - (Reduced to Pole)



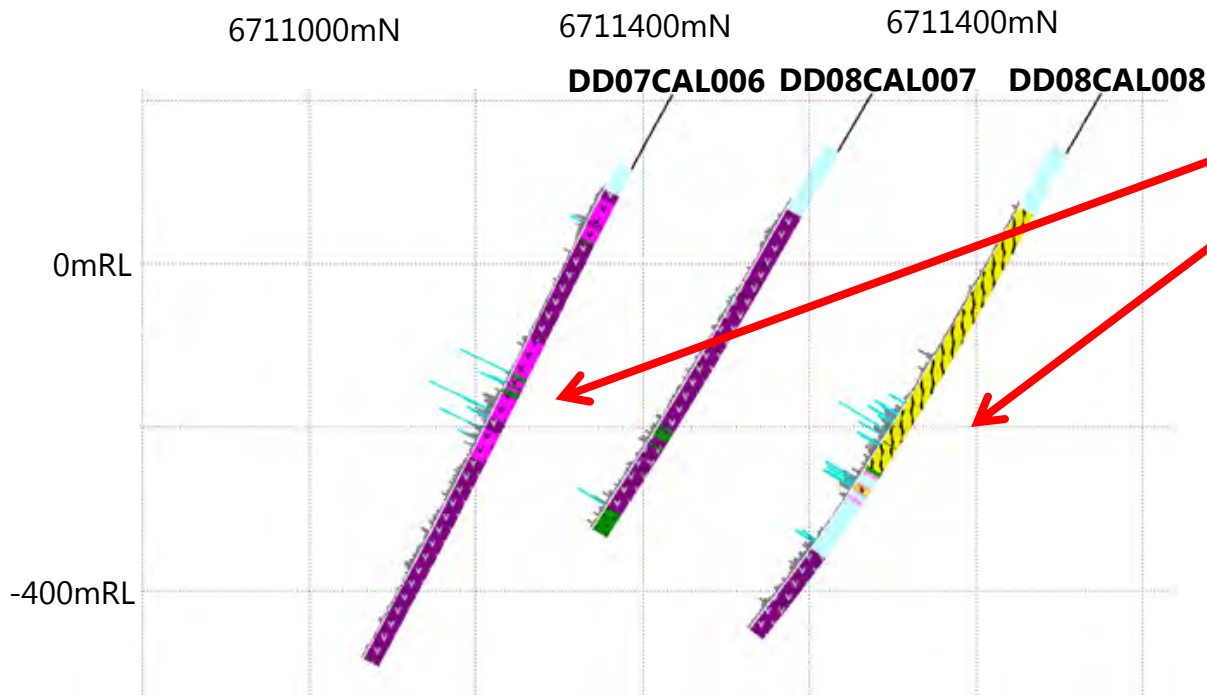
# INDUCED POLARISATION (IP) - CALIBAN PROSPECT



### Induced Polarisation – Inverted chargeability cross-section



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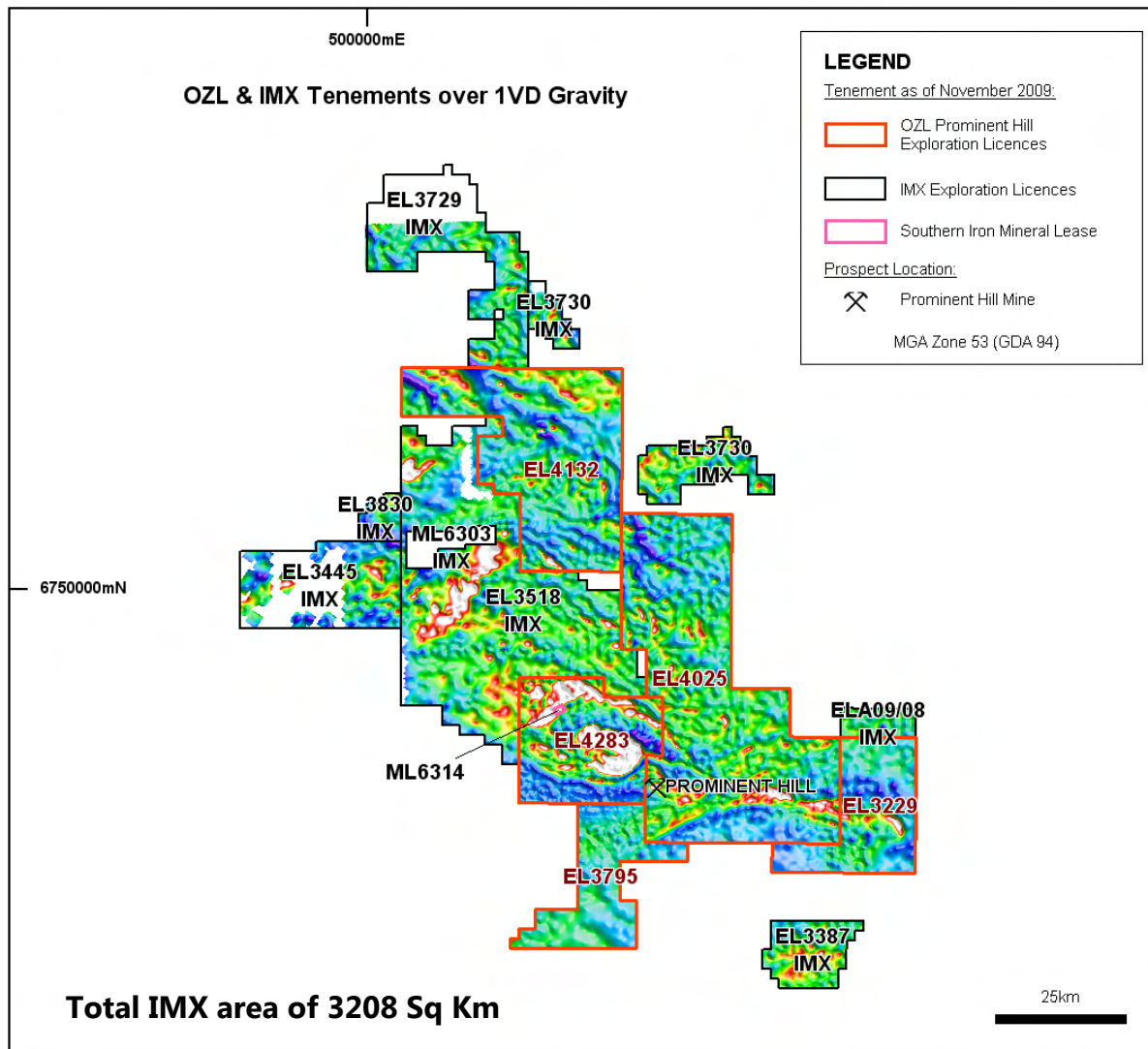


**Lower grade copper intersections.  
(up to 0.5%)**

**Both zones appear as defined chargeable highs in IP survey above.**



# RECENT HEADS OF AGREEMENT SIGNED WITH IMX ON ADJACENT TENEMENTS\*



\* Subject to joint venture agreement

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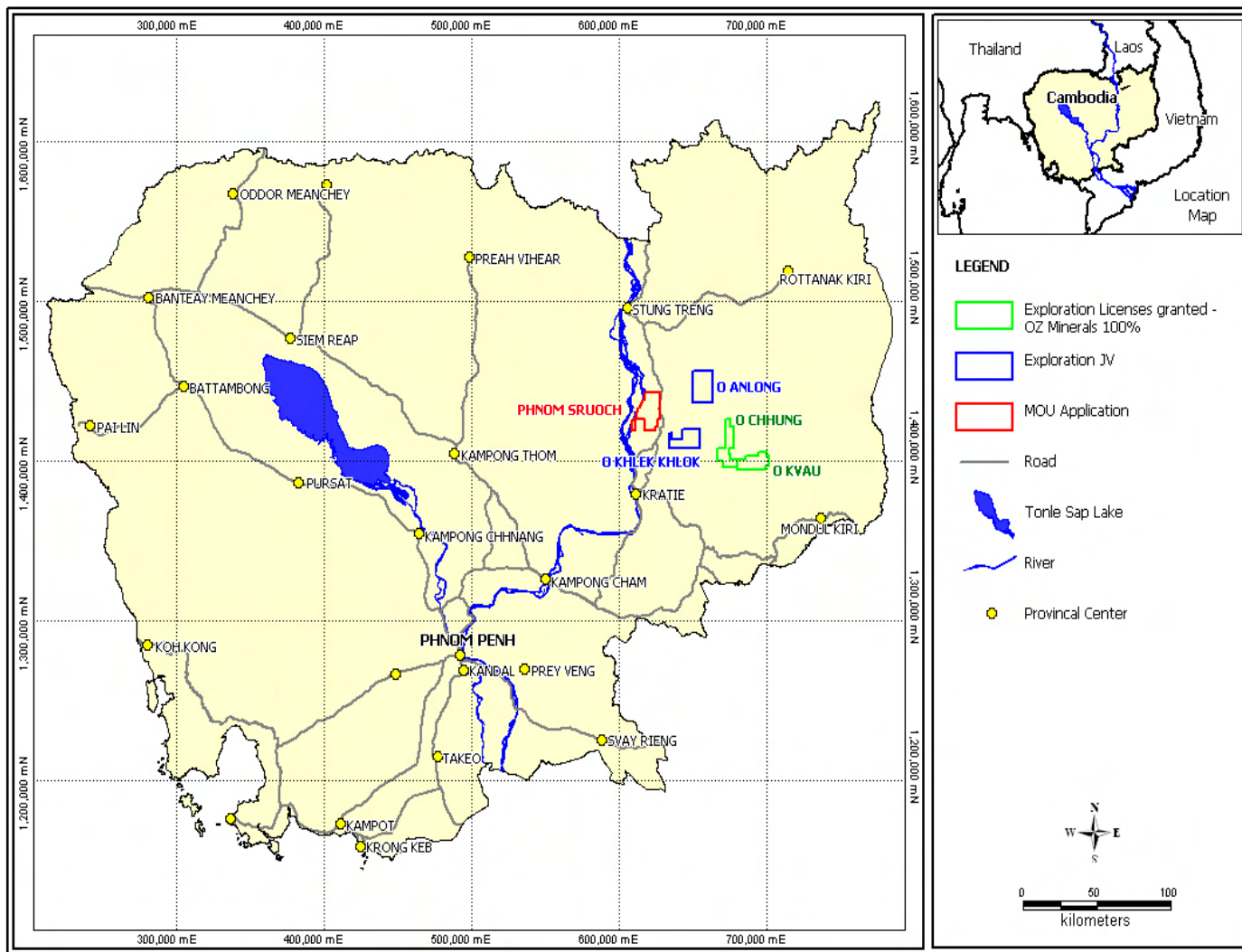


# IMX HEADS OF AGREEMENT

## Key Points

- Enable OZ to secure most of the Mt Woods Inlier to maximise chances of adding resources
- IMX ground already contains known IOCG deposit styles – Cairn Hill magnetite Cu-Au
- This ground represents the extension of the WNW –trending Neptune-Prominent Hill-Joes Dam-Manxman geophysical trend
- Numerous untested gravity/magnetic targets exist
- Cover is shallow
- Build on our current exploration expertise and extend this knowledge into IMX ground

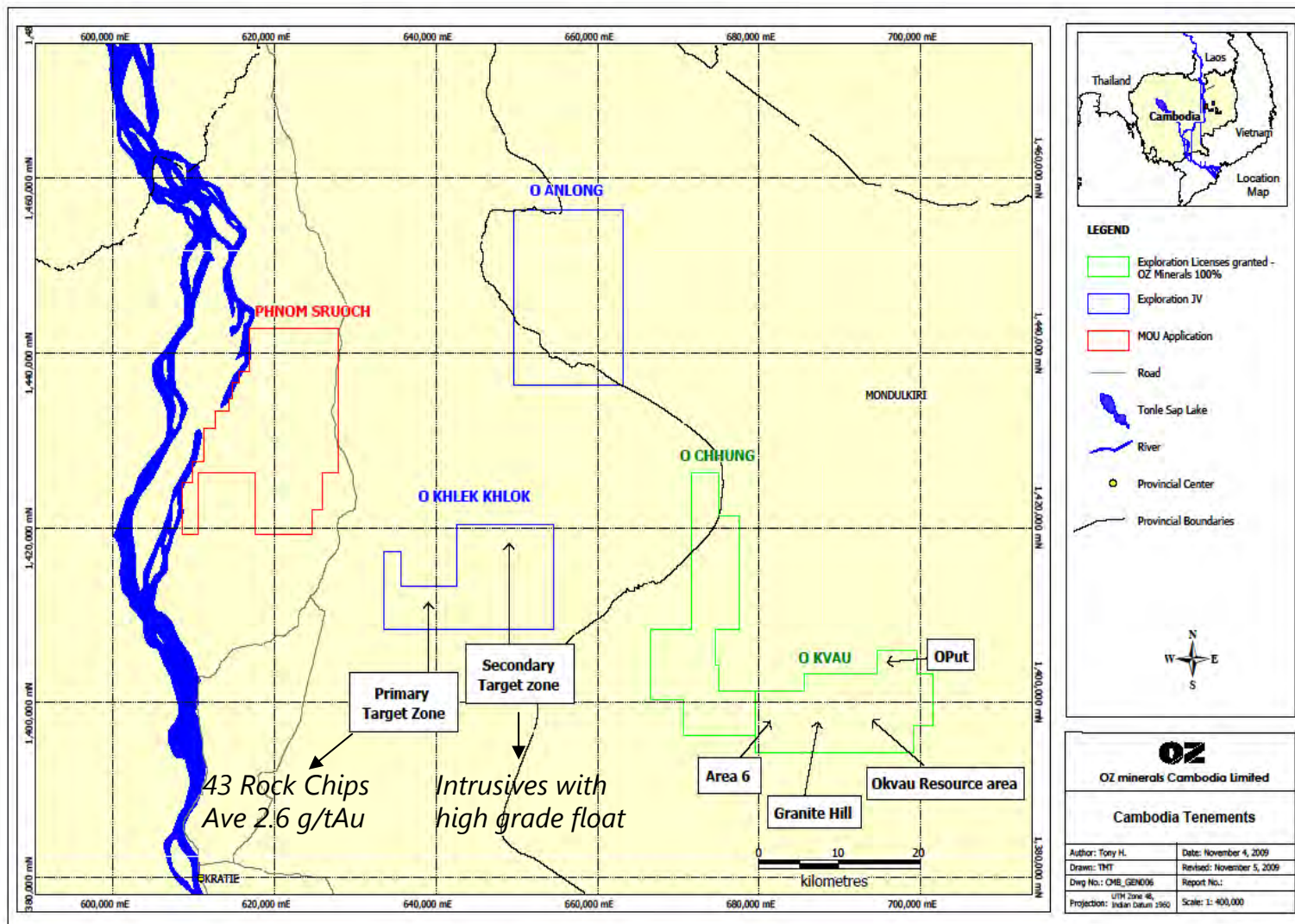
# CAMBODIAN TENEMENTS





# CAMBODIAN PROSPECTS

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# EXPLORATION OVERVIEW - CURRENT PORTFOLIO

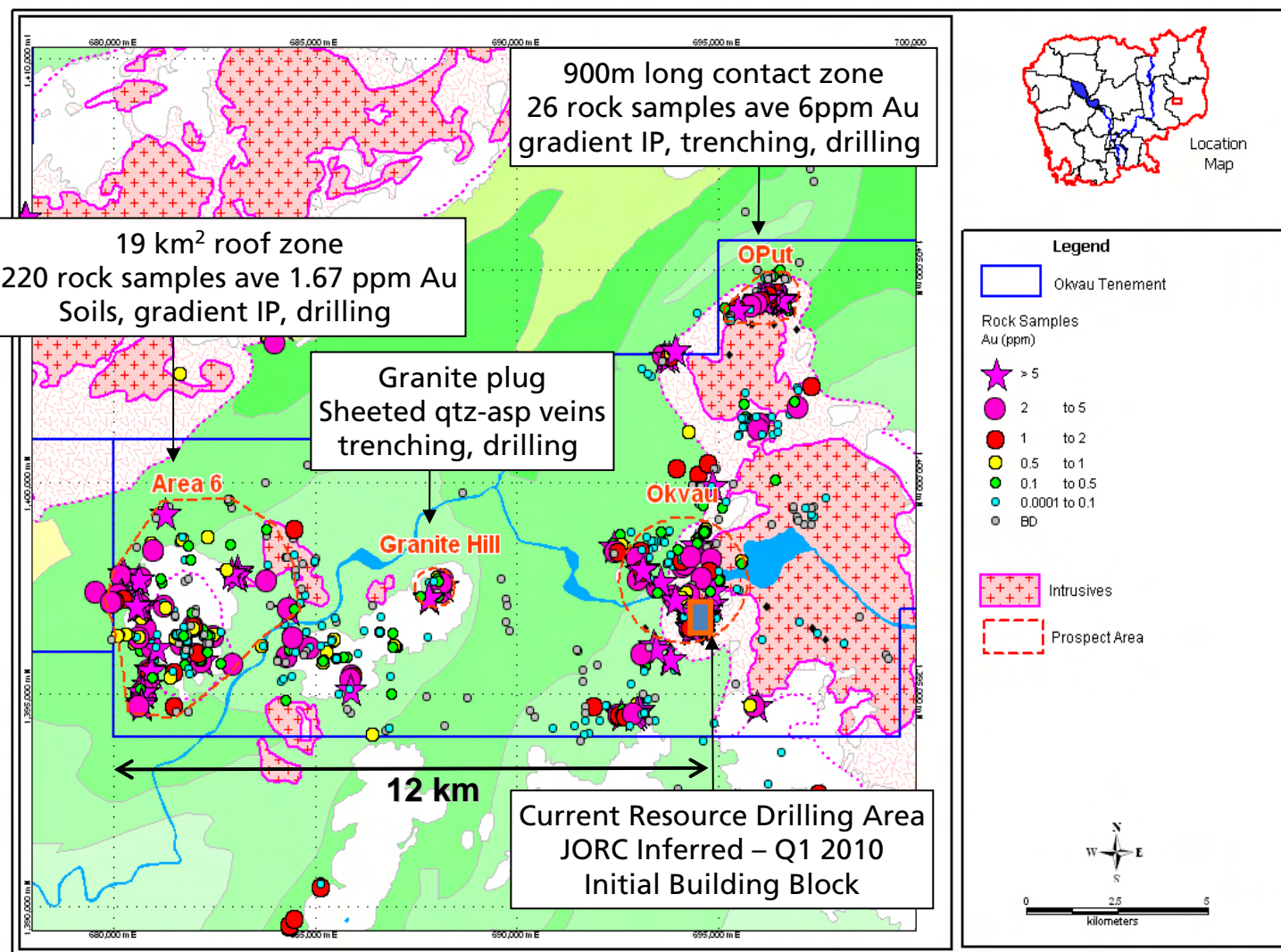


## Cambodia

- Resource drilling at Okvau recently completed
- Geological modelling underway
- Resource announcement Q1, 2010
- Five other high quality target areas (rock and soil assays) to be drilled late 2009 and over 2010
- By end 2010, aim is to be in a position we can identify strong potential for at least 2 Moz gold
- Longer term –Targeting (>3Moz) multi million Intrusive Related Gold (IRG) district play



# OKVAU - VARIOUS HIGH PRIORITY PROSPECTS



# OKVAU - DRILL HOLE LOCATIONS

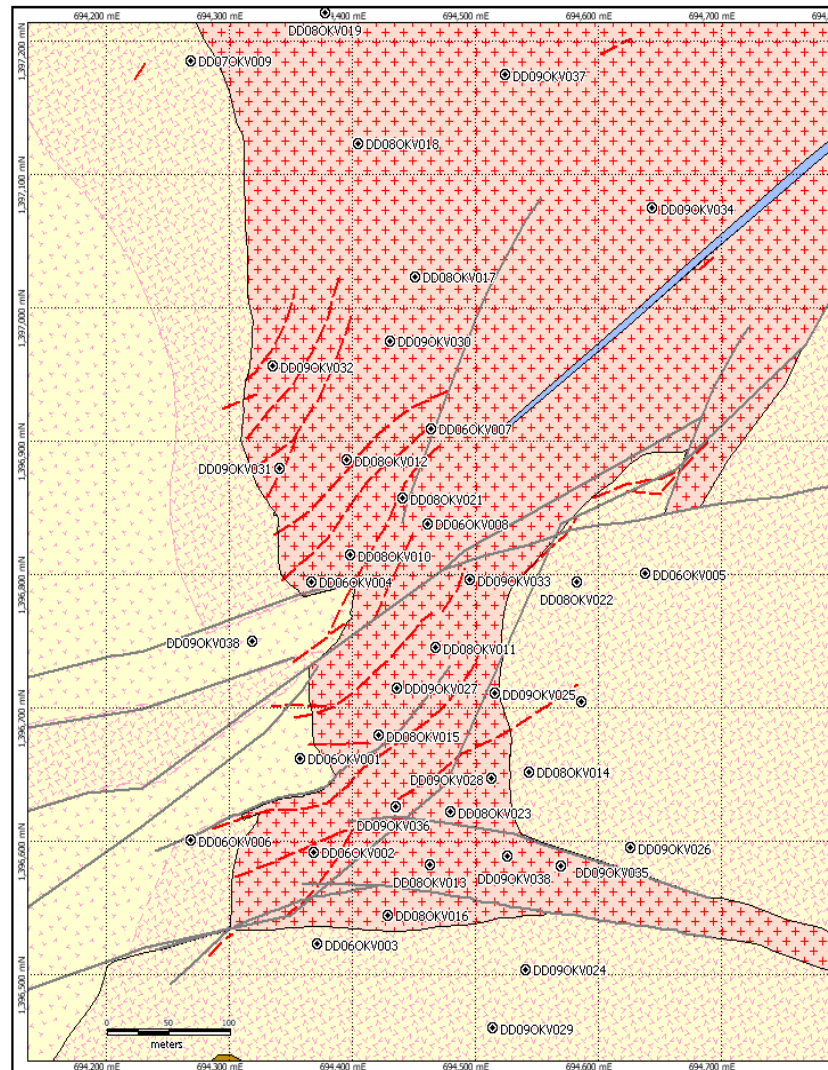


## Okvau Mineralisation

Gold Mineralisation is hosted along margins of intrusive and hornfelsed sediment contact

Approx 450m long X 60m wide

Latest drill program (6,200 metres) is designed to test both infill and down dip mineralisation defined in 2008 program



### Legend

-  Drill holes location
-  Fault
-  Vein Zone
-  Alteration



# EXPLORATION OVERVIEW

## SAFETY, HEALTH, ENVIRONMENT AND COMMUNITY MANAGEMENT

**Robust, exploration specific, SHEC Management System embedded across all projects.**

Focus on managing significant risks and opportunities

- Vehicles and driving
- Drilling
- Remote work and emergency response
- Aviation
- Insect borne disease (Cambodia)
- Unexploded Ordinance (Cambodia)
- Preventing / minimising environmental impact
- Working with the communities in which are projects are located, managing expectations

**Strong buy-in and support from field teams and contract service providers**





# EXPLORATION

## PROMINENT HILL EXPLORATION

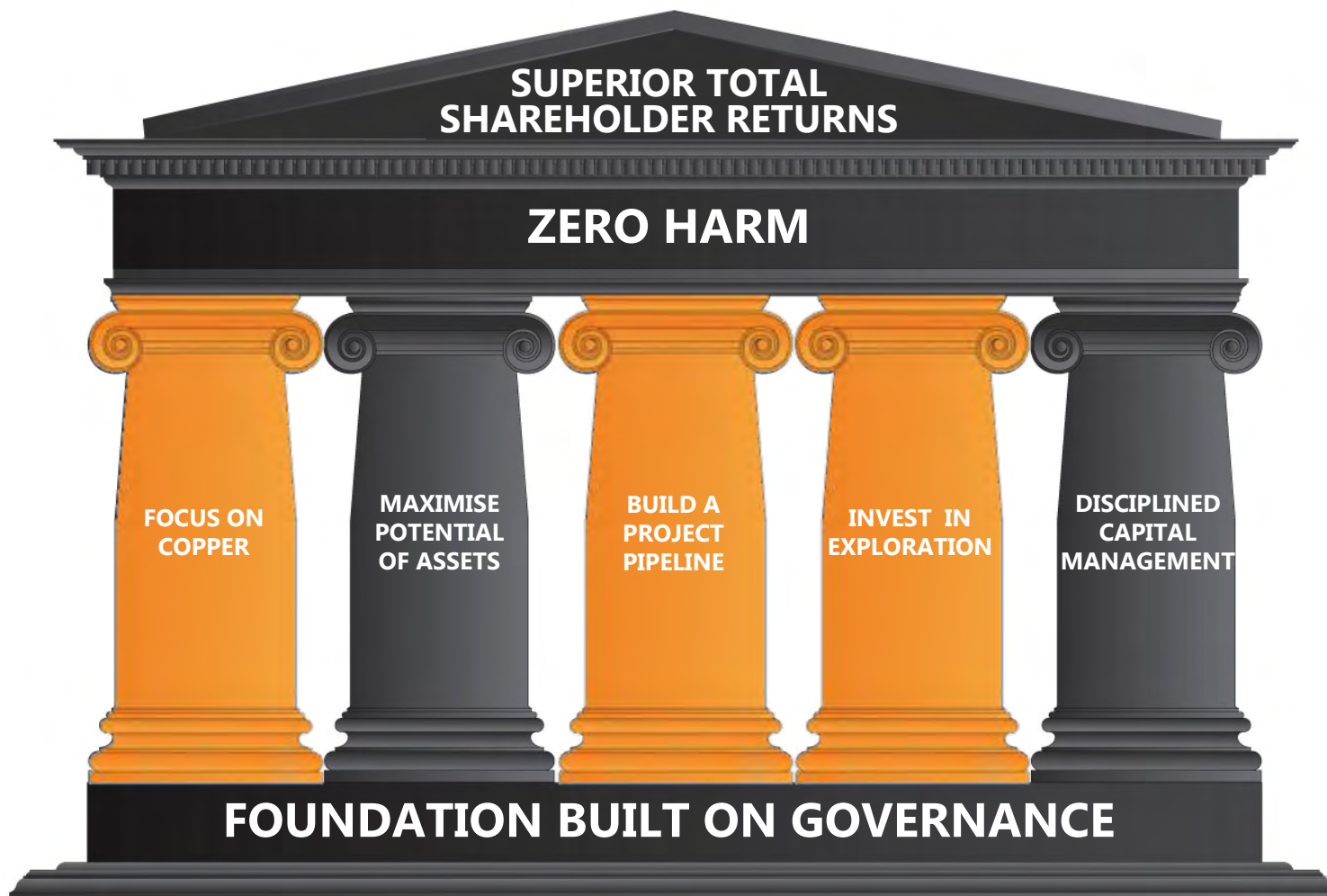


## CAMBODIA EXPLORATION



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# STRATEGY



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# EXPLORATION SUMMARY

- Exploration is a fundamental pillar to building growth for our shareholders. **We have high expectations of success in short to medium term**
- Strong and committed support for exploration from Board and management
- Prominent Hill – **No 1. Priority.** Focussed and well targeted exploration on over 7000 sq Km of exploration ground around existing infrastructure. Utilising our inhouse expertise and knowledge of Mt Woods Inlier
- In Cambodia - maximising shareholder value through building on - our soon to be announced resource base - with further drilling on additional satellite targets. First company mover- targeting multi million oz district play
- Securing quality copper exploration projects through strategic alliances and JV. Targeting IOCG, Porphyry copper-gold. Discussions currently underway
- Respect of communities wherever we operate
- Zero Harm – is at the forefront of all our exploration activities. Target the key risk areas



# BUSINESS DEVELOPMENT



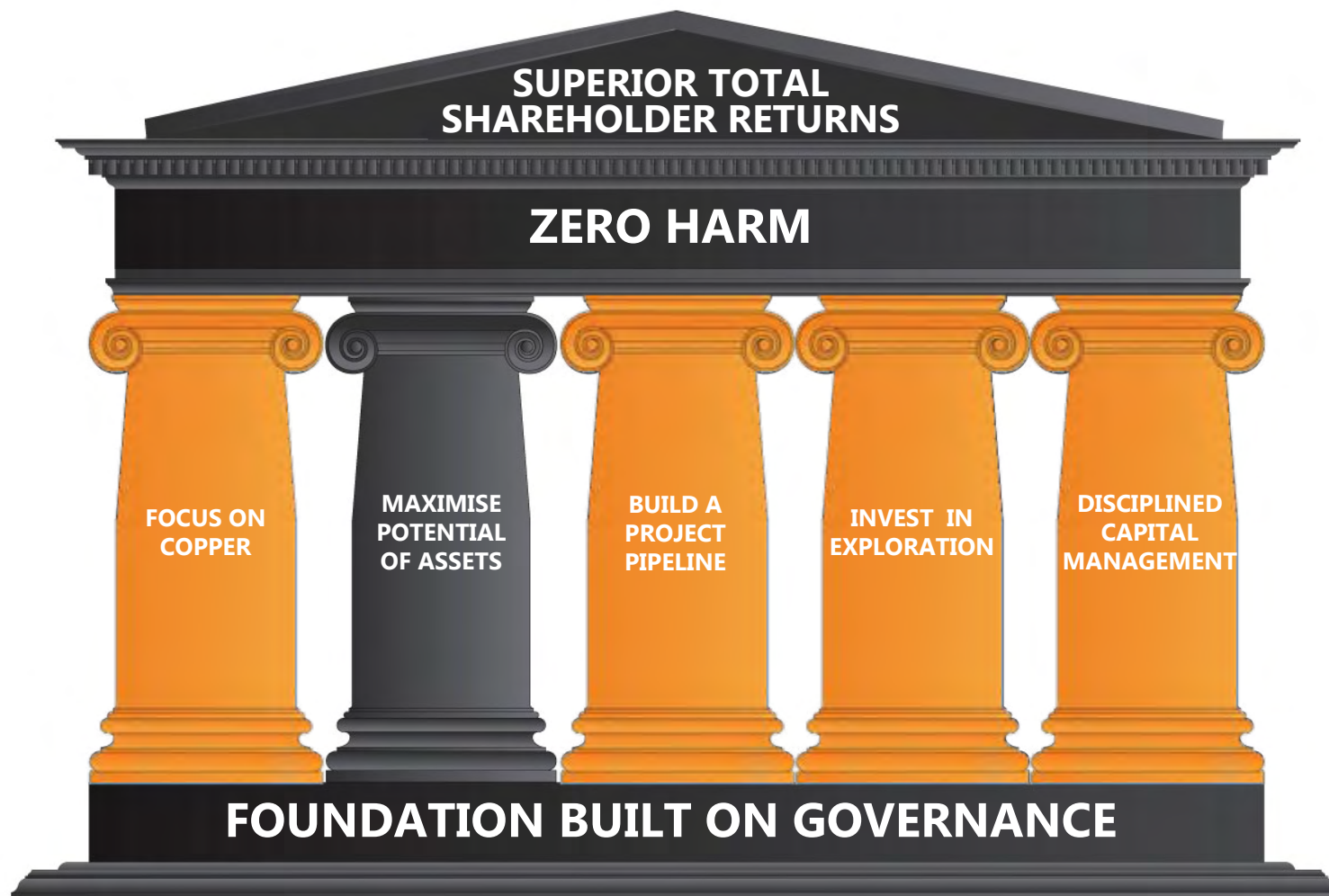
**7.0**  
**RICHARD HEDSTROM**  
 Head of Business Development



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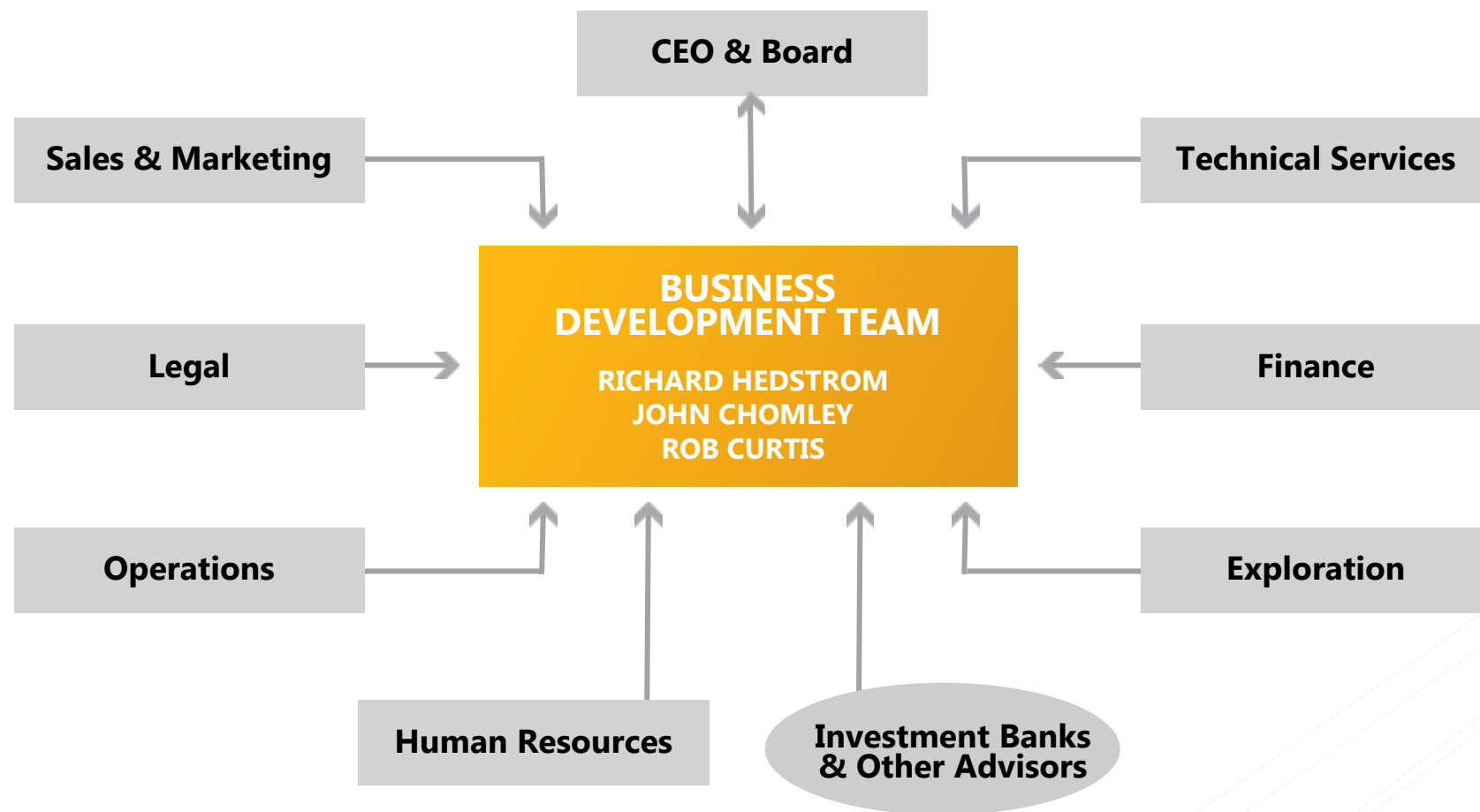
# STRATEGY



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# THE BUSINESS DEVELOPMENT TEAM

A small dedicated team drawing on skills company wide and externally where needed.





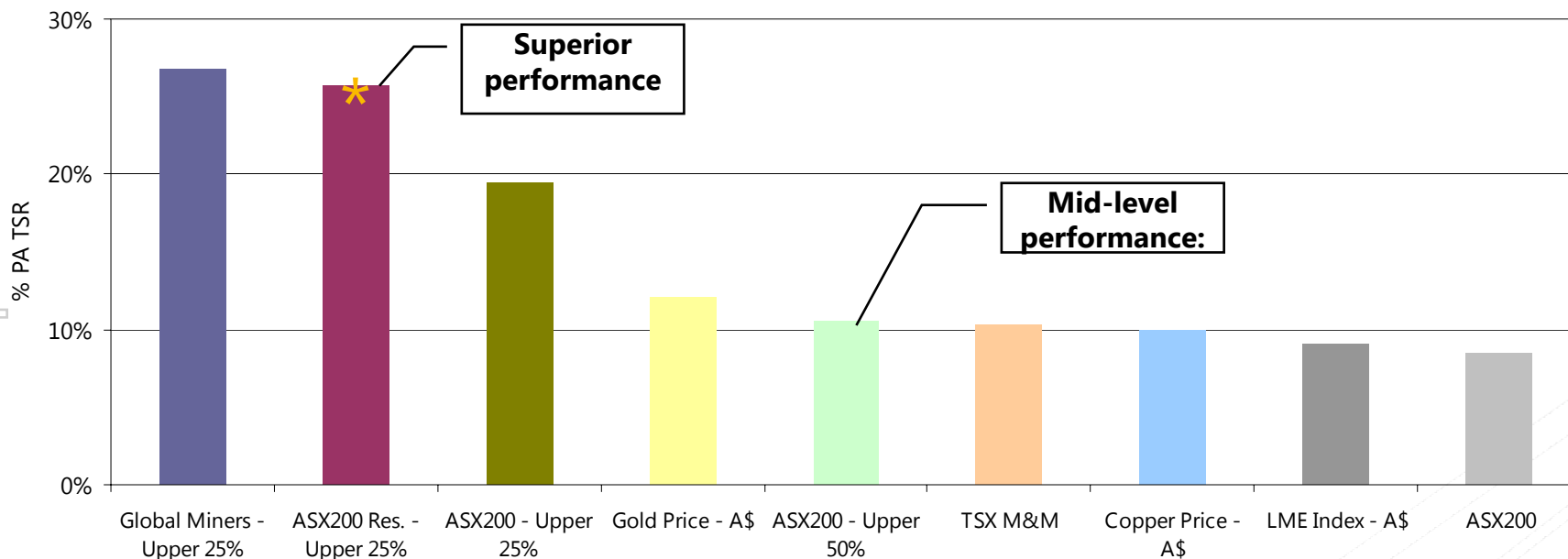
# STRATEGIC OBJECTIVE

**Strategic Objective:** To achieve superior long term shareholder returns

**Measure:** Rank in the top quartile of ASX200 Resource Companies for Total Return to Shareholders (TSR) over the longer term

**Tactics:** Recognising the characteristics of top quartile companies

**Total Shareholder Return: 10-years**



Source: OZ Minerals

\* Analysis of companies currently in ASX200 Resources Index that have existed for at least 10 years

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# COPPER - OZ MINERALS PREFERRED COMMODITY



- **Copper** is attractive on most criteria
- **Gold** is also attractive but typically trades at high multiples
- **Uranium** remains of interest but industry structure is a consideration

The OZ Minerals commodity 'Traffic Light' table

Commodity	Demand		Mine Supply		Opportunities - US\$200 M EBITDA		
	Demand Fundamentals	Substitution	China Self Sufficiency	2009 Cutbacks	Annual Production, t or oz (spot)	No. operating projects at or above required production rate	No. identified projects at or above required production rate
Copper	Good	Low	19%	10%	50,000	83	49
Zinc	Good	Low	90%	24%	400,000	3	1
Nickel	Good	Medium	28%	25%	28,000	19	20
Gold	Fair	Low	84%		430,000	43	17
Uranium	Good	No	50%		3,000	5	8
HG Iron Ore	Good	No	44%	16%	5,000,000	30	18
Potash	Good	No	26%	27%	1,000,000	>20	

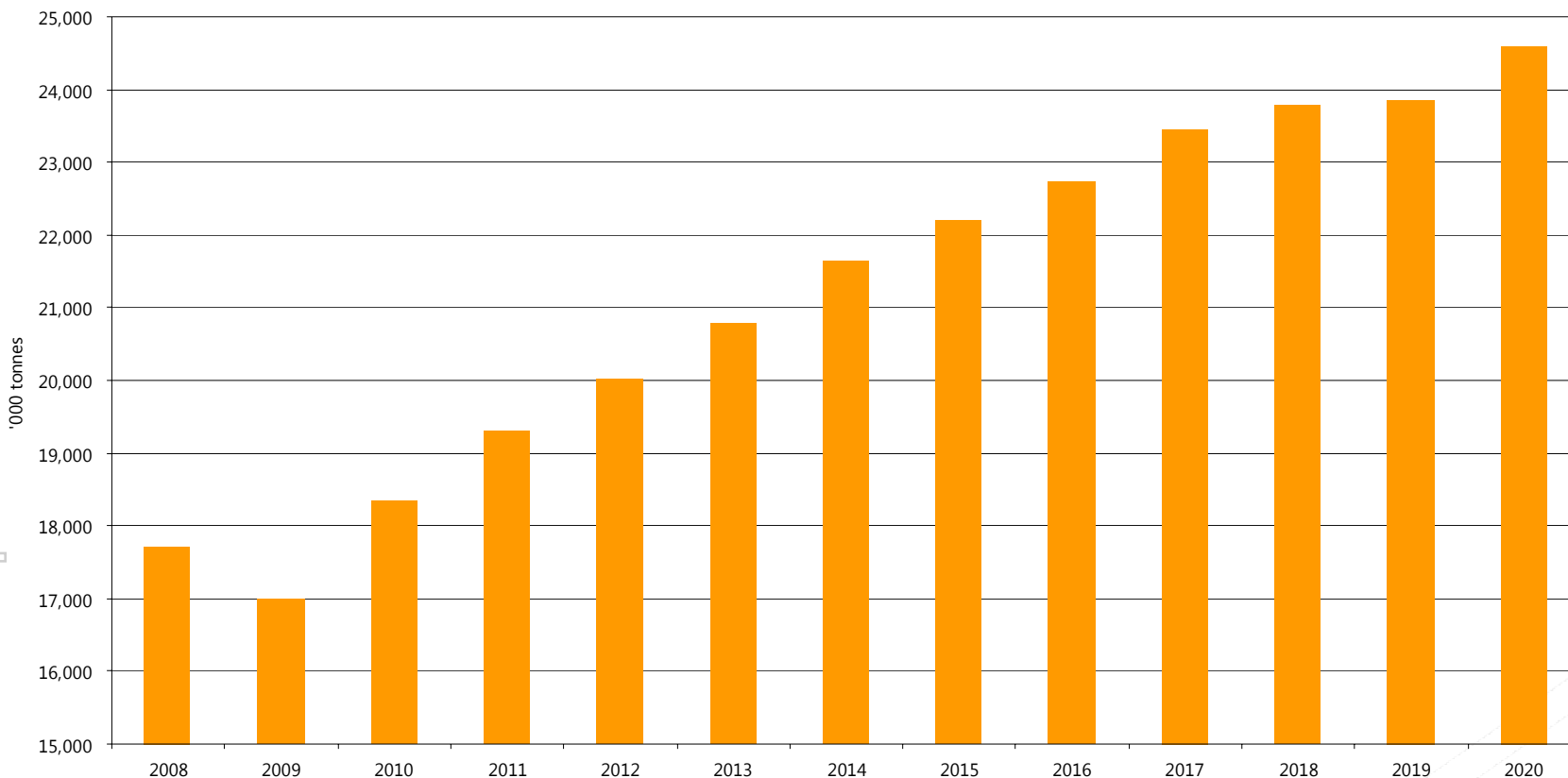
Source: MEG, OZ Minerals



# COPPER MARKET - DEMAND IS LARGE AND GROWING



## FORECAST GLOBAL REFINED COPPER CONSUMPTION



Source: Macquarie, Brook Hunt

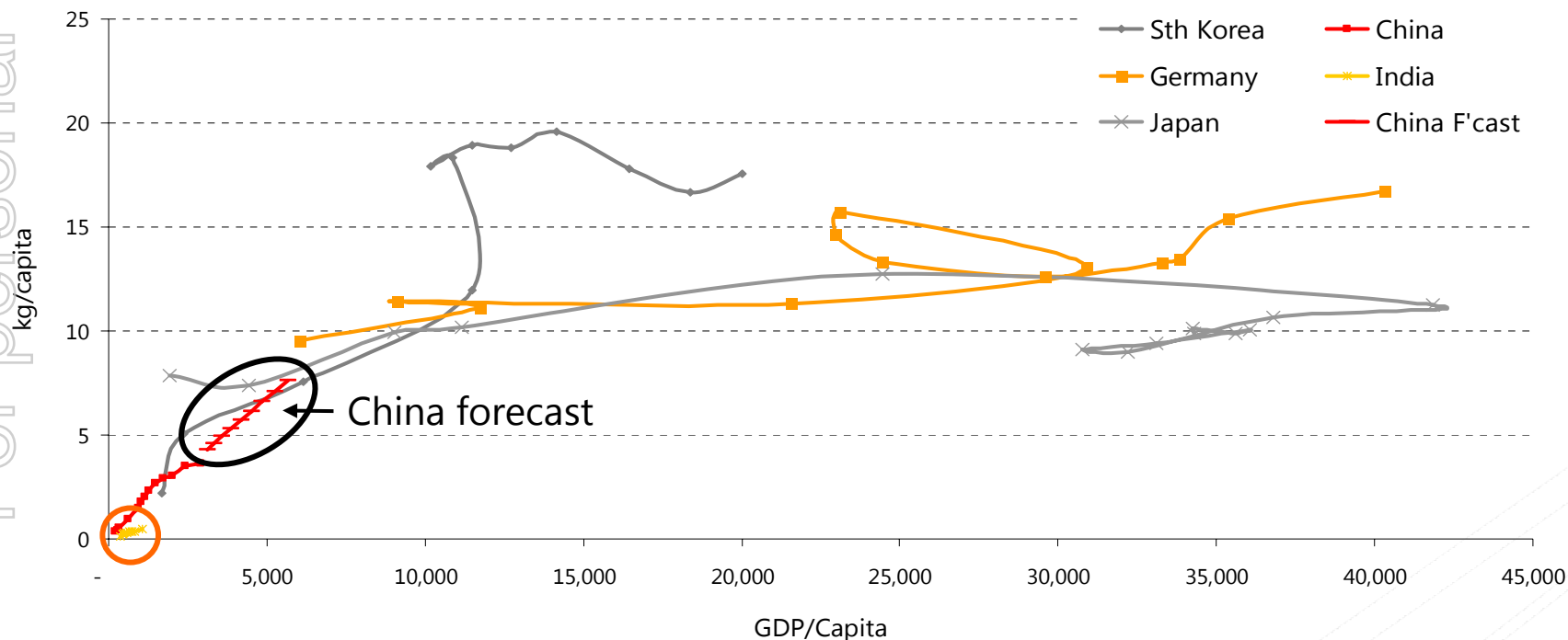
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# COPPER – STRONG LONG TERM DEMAND

- Copper is key for emerging and advanced economies with a multitude of uses
- Emerging economies copper/capita demand increases markedly as their GDP increases
- Intensity of use in advanced economies is constant even as economies grow

## COPPER INTENSITY OF USE



Source: CRU, World Bank

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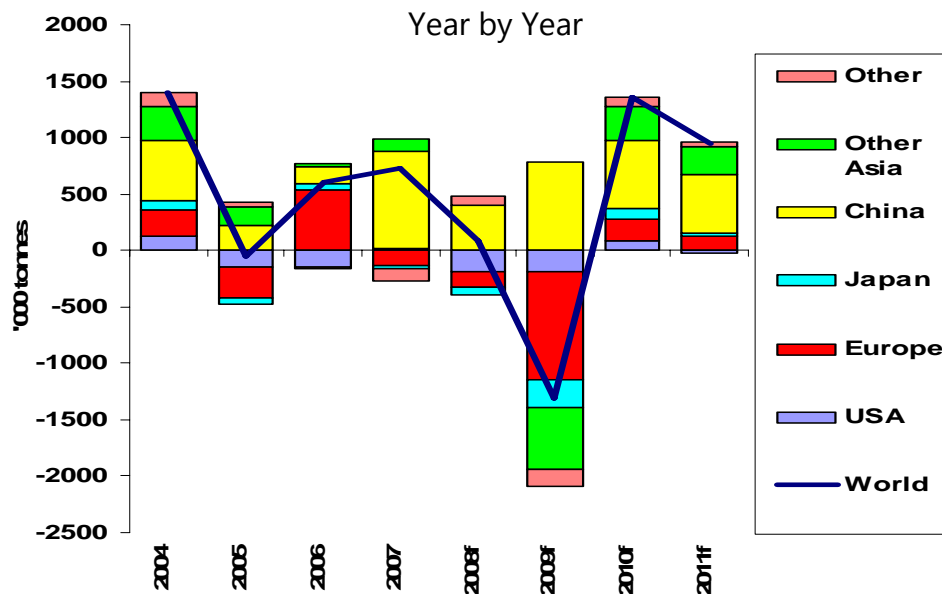


# CHINA & INDIA – DEMAND DRIVERS

	China	India	USA
Population	1.34b	1.16b	307m
% urban	43%	29%	82%
Urbanisation rate	2.7% [15m/yr]	2.4% [8.1m/yr]	1.3% [3.3m/yr]
Annual Cu consumption	5Mt	575kt	1.5Mt
GDP growth 2009	7 - 8%	6-7%	-3.5%
Latest Cu consumption growth 2009	>15% [750k - 1Mt]	>10% [=60kt]	
Cu/capita	4kg	<1kg	8kg
GDP/capita [US\$]	\$6,000	\$2,800	\$47,000

Source: UN and OZ Minerals

Copper Demand Growth by Region

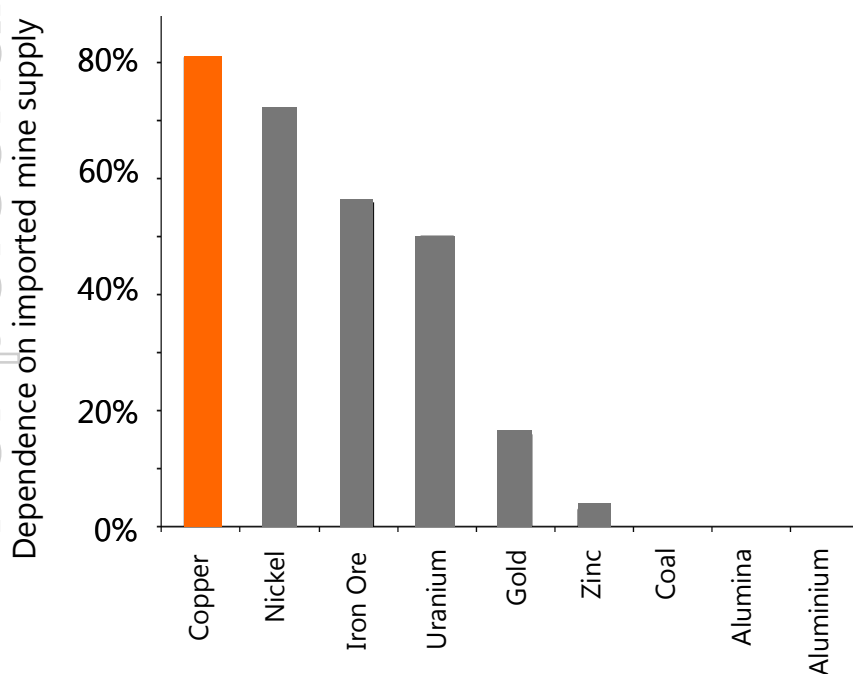


Source: CRU - July

# COPPER - CONSTRAINED SUPPLY

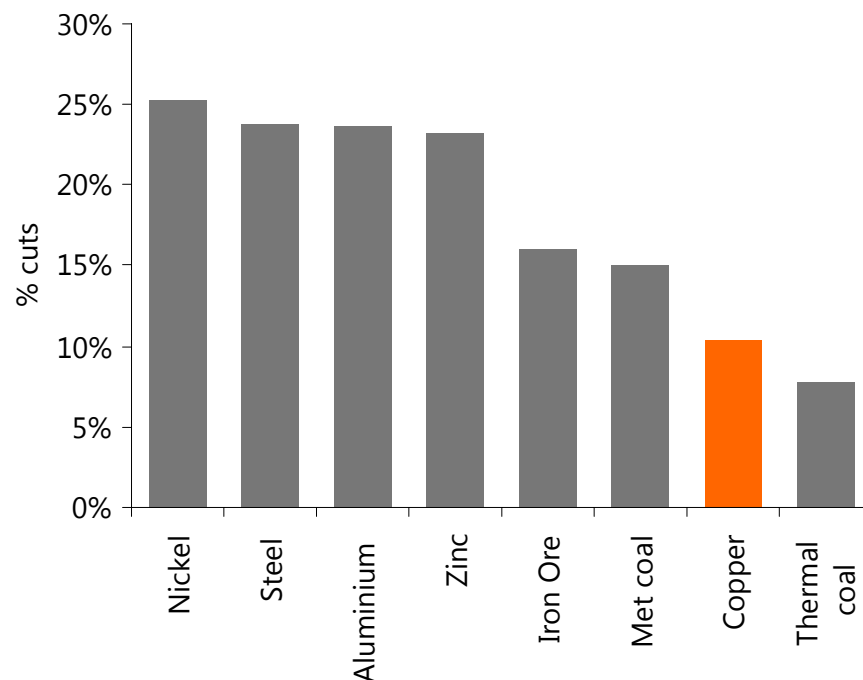
- Domestic sources of copper concentrate in China are limited (19%)
- Heavily reliant on imports
- Recent production cuts have been small (10%) relative to other metals
- Recent events indicate that this trend is continuing

## China's Dependence on Imported Supply



Source: Citi

## 2009 cuts from plan



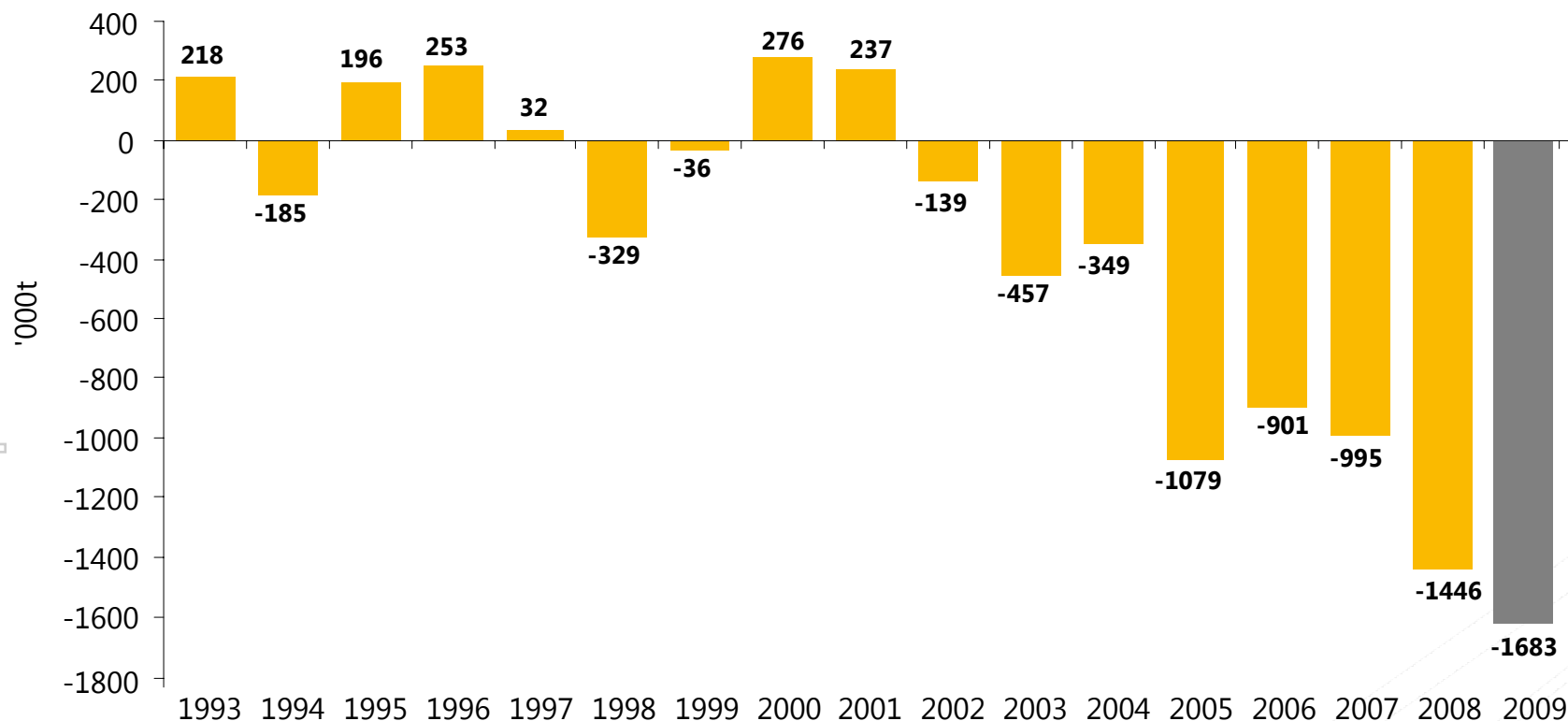
Source: Macquarie

# COPPER - CONSTRAINED SUPPLY

Current mines have consistently failed to meet production forecasts due to declining grade, mechanical breakdown, power disruptions and industrial relations issues

This trend will likely continue

## COPPER MINE PRODUCTION LOSSES FROM PLAN



Source: Macquarie Research, Brook Hunt June 2009

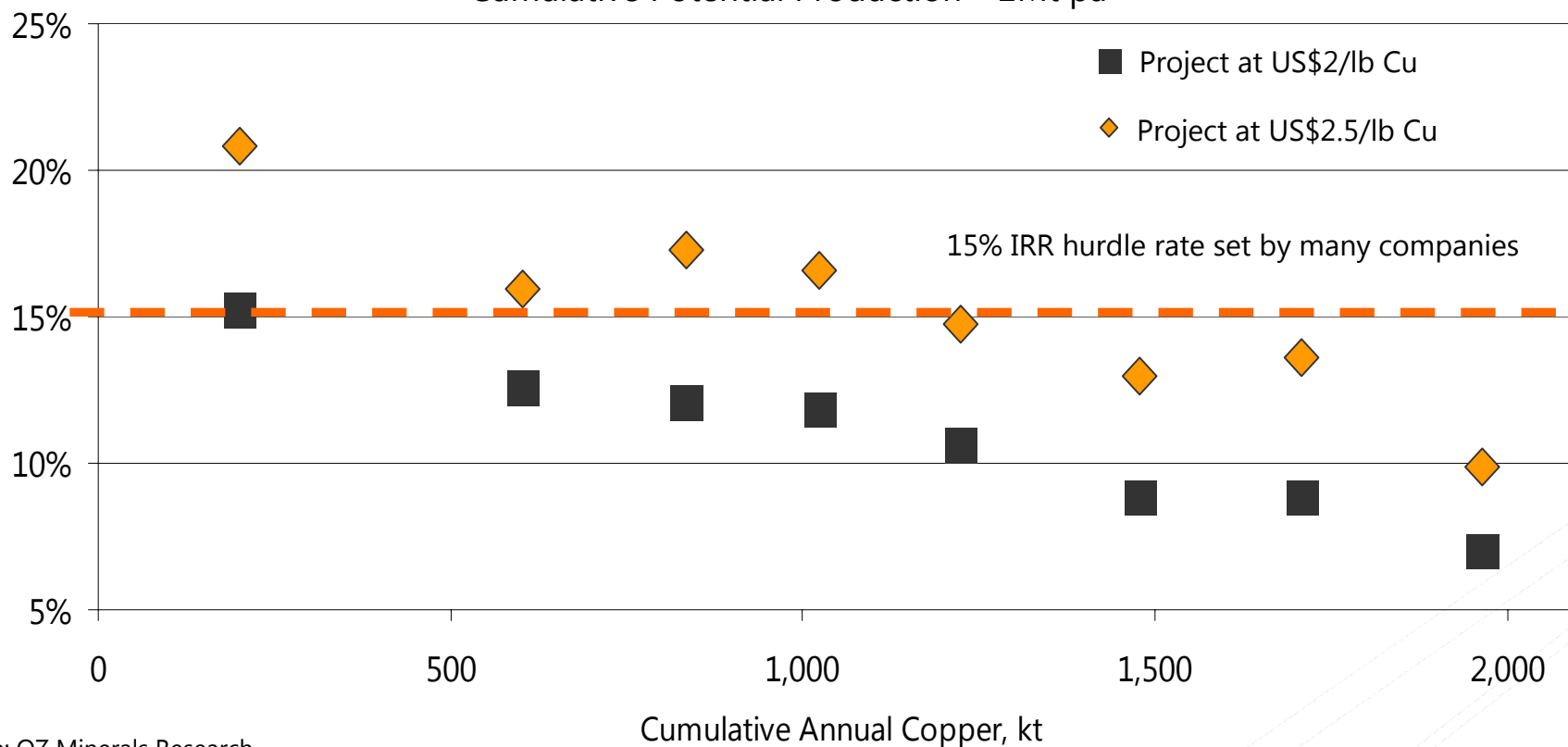
# COPPER - CONSTRAINED SUPPLY - FUTURE PROJECTS



The next generation of large copper development projects require higher long term copper prices to justify the capital cost of development.

## NEXT GENERATION COPPER PROJECTS

Cumulative Potential Production – 2Mt pa



Source: OZ Minerals Research

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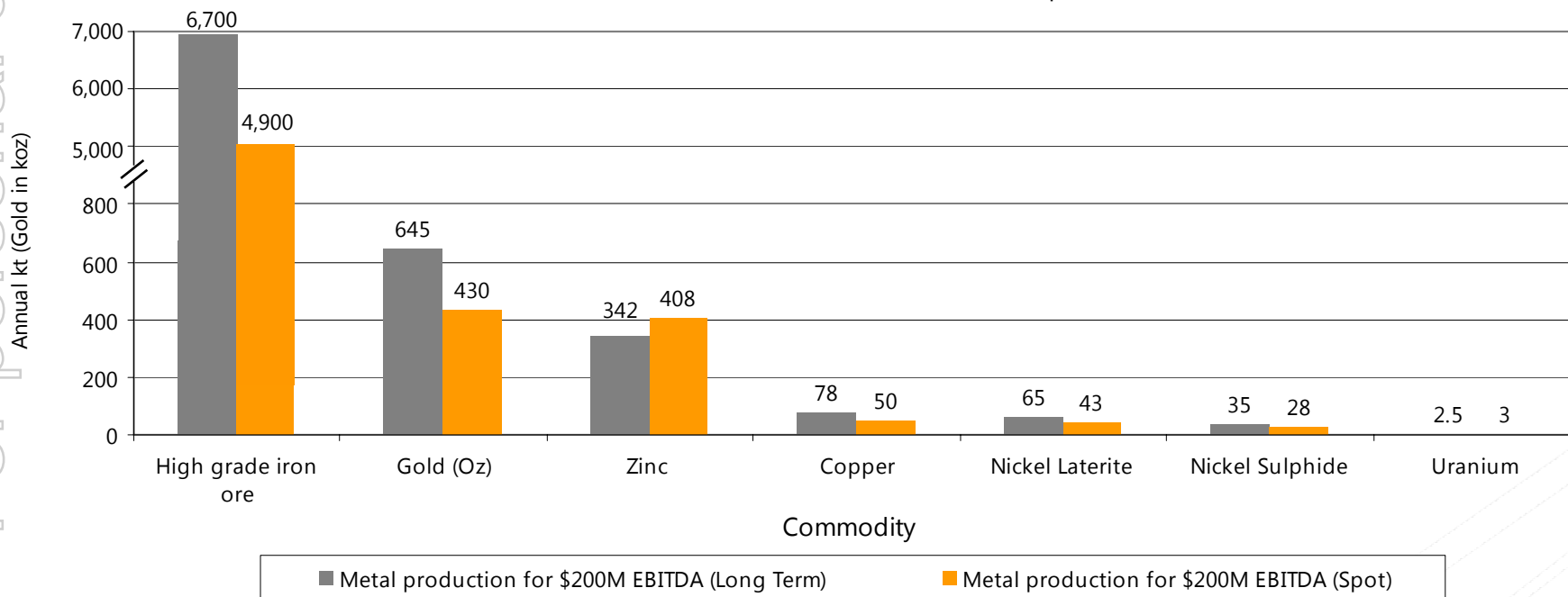


# COMMODITIES AND OPERATING EBITDA

Comparison of margins indicates a 50-80ktpa/copper mine meets OZ Minerals EBITDA materiality threshold

Other commodities require significantly larger operations by industry standards which then attracts the major companies

**Annual Metal Production for EBITDA of US\$200M**



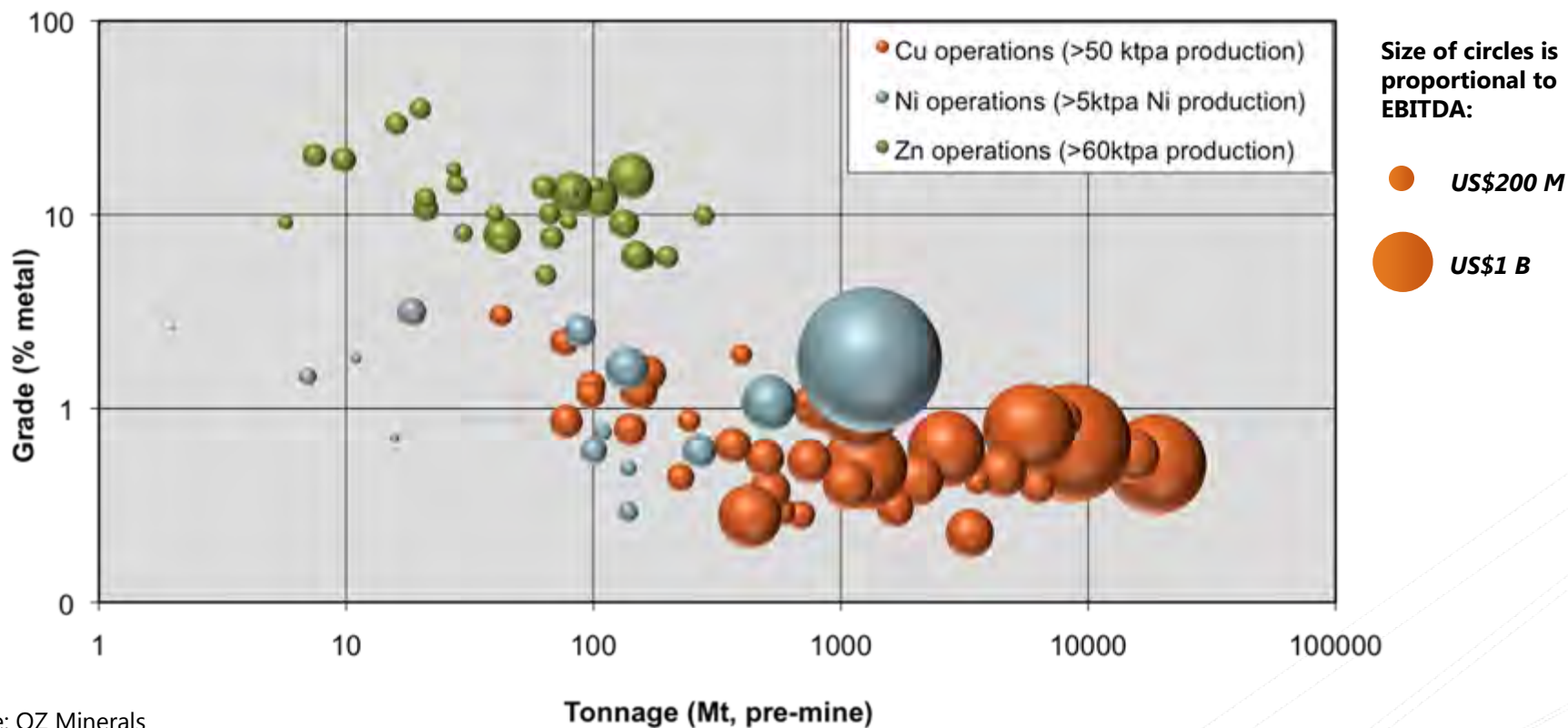
Source: OZ Minerals (median cash costs, OZ LT prices)

# COPPER OPPORTUNITIES - SIZE & NUMBER



The probabilities of achieving a material business for OZ are much higher in copper as there are significantly more operations producing >50ktpa compared to other commodities.

## THE BASE METALS BALANCE: GRADE-TONNAGE-EBITDA RELATIONSHIPS



Source: OZ Minerals



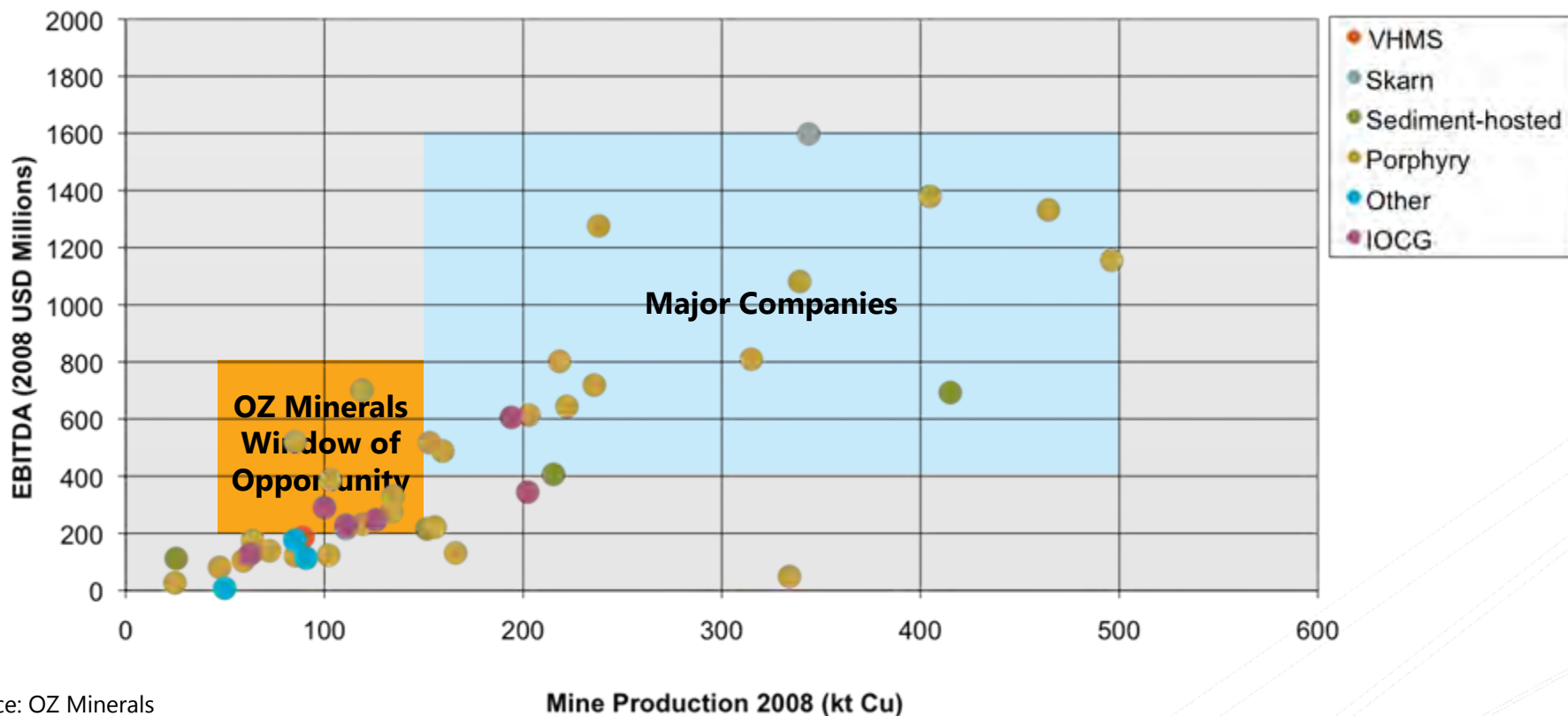
# COPPER OPPORTUNITIES - SIZE & TYPE

50-150ktpa copper mines are often too small for the major companies but have significant technical, financial and marketing challenges for smaller companies

50-150ktpa represents a "Window of Opportunity" for a company of OZ Minerals' size and capability. Not a lot of other companies compete in this space

Porphyry and IOCG deposits dominate this window and are hence the main exploration and acquisition targets

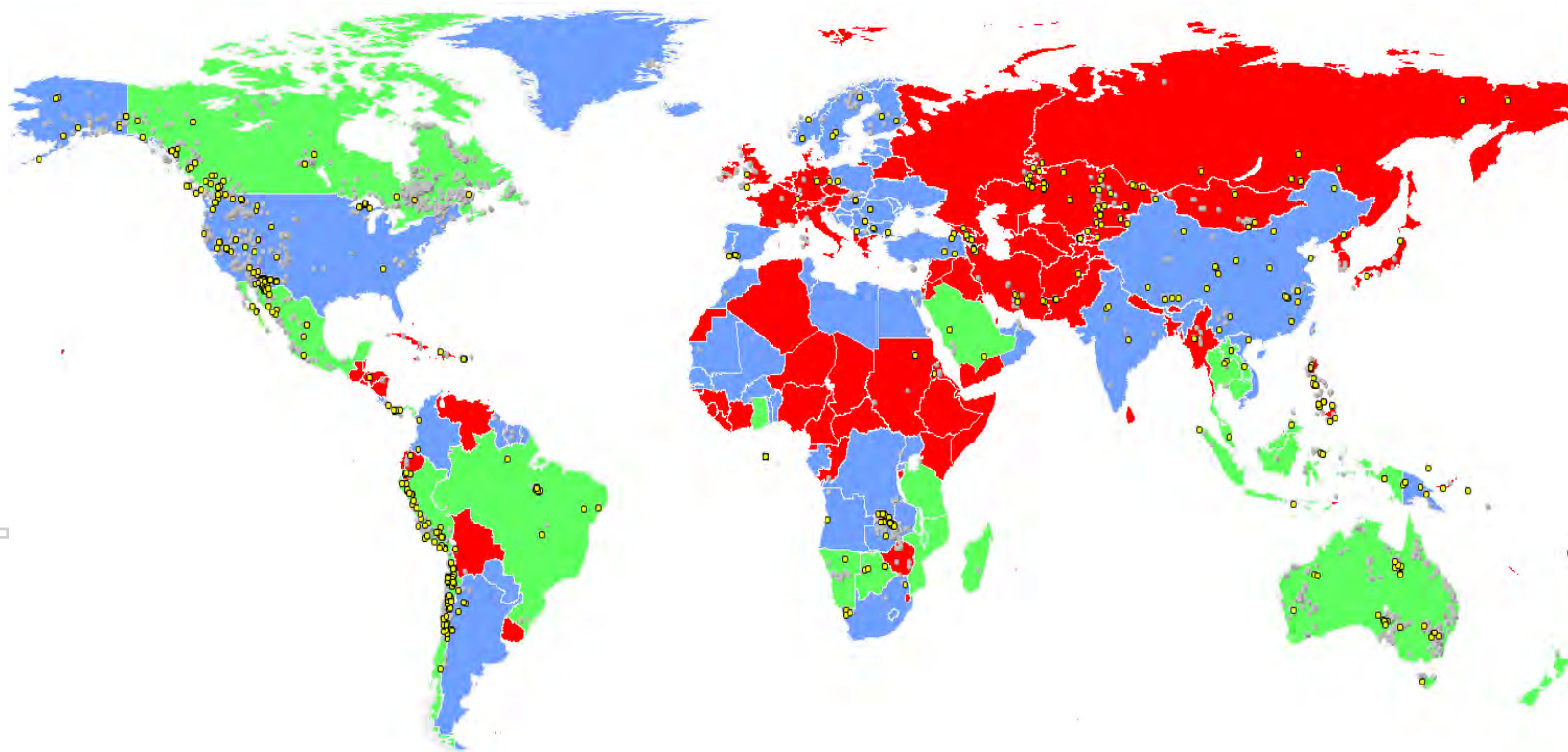
## GLOBAL COPPER DEPOSITS – EBITDA VS PRODUCTION



# COPPER OPPORTUNITIES GEOGRAPHICAL DISTRIBUTION



Most copper operations and projects, excluding the FSU, are located in low-moderate risk geographical jurisdictions (green & blue) which is mostly where OZ will focus.



**Global distribution of copper resources  
containing > 500 kt of copper**

Source: MinEx, MEG, OZ Minerals

# ANNOUNCEMENT OF HEADS OF AGREEMENT WITH IMX\*: IN LINE WITH THE OZ STRATEGY



## Key terms of Heads of Agreement:

- Covers exploration ground near Prominent Hill.
- Focus on copper-gold. Any iron rich discovery remains with IMX
- 51% stake, expenditure of \$20m over five years, after which IMX contributes
- Potential to increase to a 75% stake if we sole fund a further \$20m
- Post completion of BFS, IMX can either contribute or convert to a royalty
- Equity placement of 14.9% stake in IMX at a 25% premium

## Rationale:

- Geologically extremely prospective ground (see exploration presentation)
- Natural synergies with Prominent Hill allows for development of smaller projects than on a stand-alone basis
- Very early stage but potential to fast track any discovery
- Investing in what we know (copper/gold, Australia)

\* Subject to separate release

# OZ MINERALS' GROWTH STRATEGY



**Objective:** top quartile total shareholder return in the resources sector.

**Strategy:** to quickly and sensibly assemble a pipeline of projects to support growth objective over the next ten years

**Tactics:**

- Copper is the preferred metal, favourable fundamentals, many opportunities.
- Identify projects that matter to OZ in scale, returns, location, economies
  - 50-150 ktpa operations represent a “Window of Opportunity”
  - Take advantage of industry consolidation
  - Projects requiring development capital or risk reduction
  - Strategic holdings or joint ventures with junior companies
- Flexible approach to how such investments are made
  - Key is the quality of the asset

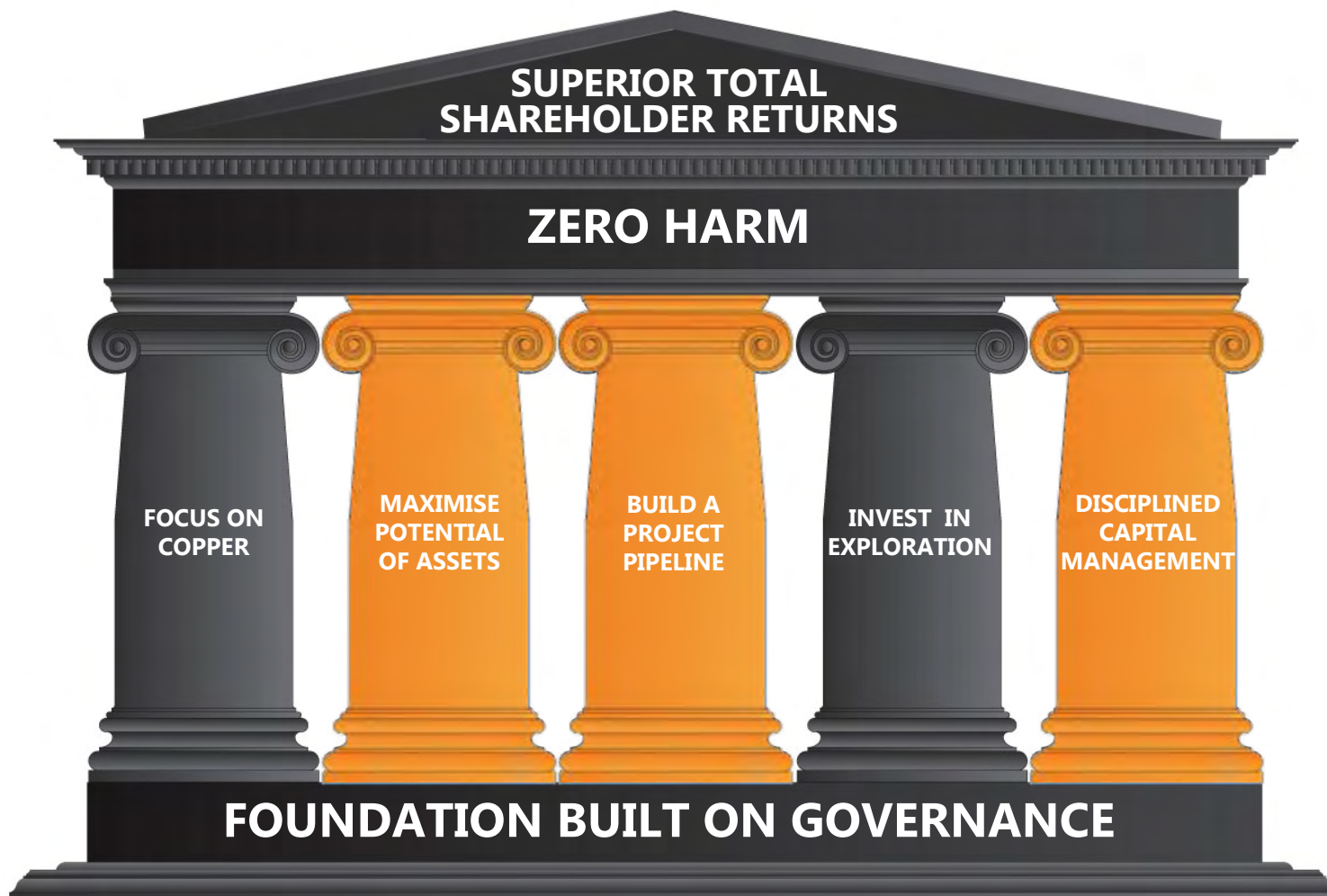


# FINANCE

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1.0	2.0	3.0		
4.0	5.0	6.0		
7.0	8.0 ANDREW COLES CFO	9.0		

# STRATEGY



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# CFO TEAM



## – CFO

- Sales & Marketing
- Investor & External Relations
- Financial Control
- Treasury
- Business Planning & Analysis
- Business Systems

Andrew Coles

Russell Griffin

Natalie Worley

Joseph Phillipos

Bronwyn Wellings

James Deo

Brad Winks

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# FOCUS AREAS

– Need to address focus areas to set foundation for future business strategy

- Organisation, reporting and processes
- Functional currency
- Cash management
- Revenue management
- Depreciation
- Taxation

# FOCUS AREAS: ORGANISATION, REPORTING & PROCESSES



- Organisation structure adjusted to suit scale and scope of future business

- Reporting systems must be tailored to information requirements of management and Board

- Former system inappropriate
- Requires significant work to restructure processes

- IT and Communications

- Complex exercise required to meet FIRB undertakings regarding Prominent Hill – now satisfied
- Review, redesign and implement necessary changes to IT systems to meet reporting and productivity requirements



## FOCUS AREAS: FUNCTIONAL CURRENCY

– At 30 June 2009

- Functional currency of OZ Minerals & primary operating entities: US\$
  - Functional currency of some subsidiaries: A\$
- Presentation currency: A\$

– AASB 121 defines functional currency as *"the currency of the primary economic environment in which the entity operates"*, this being *"normally the one in which it primarily generates and expends cash"*

– Material events in considering functional currency:

- Sale of assets
- Repayment of bank debt
- Shift in capital structure & strategic direction

– **Based on these material events, Board & management conclude that functional currency of OZ Minerals & all subsidiaries is A\$ with effective date 1 July 2009**

# FOCUS AREAS: FUNCTIONAL CURRENCY IMPACT



With appreciating A\$/US\$, **both** A\$ and US\$ functional currency (FC) result in foreign exchange loss.

Estimated foreign currency loss:	12 months ending 31/12/09 A\$ FC from 1/7/09	A\$ m 125
	<i>If US\$ FC had continued</i>	<i>160</i>
<small>Notes: Includes A\$59m realised loss on actual US\$ conversion to A\$ to date. Assumes A\$/US\$ is 0.915 for remainder of 2009. If A\$/US\$ varies +/- 0.02 at year-end then A\$ FC loss varies by +/- A\$ 15m</small>		

Counter-intuitive impact under both scenarios arises from combination of:

- Functional currency must be determined for each individual entity.
- At 30 June 2009, subsidiaries were mixture of A\$ FC and US\$ FC.
- Different monetary balances exposed to foreign exchange in A\$ FC and US\$ FC

## A\$ Functional Currency

Translate net US\$ asset position comprising US\$ denominated:

- + cash
- + debtors
- convertible bond

## US\$ Functional Currency

Translate net A\$ liability position comprising A\$ denominated:

- + cash
- + tax balances
- intra-group loans (FX loss not eliminated on consolidation)
- creditors
- provisions



# FOCUS AREAS: CASH MANAGEMENT

- Cash invested with range of A-1+ banks across spread of maturities to mitigate risks
- Determination of currency mix for cash balance
  - Cash generated from:
    - Asset sales in June: US\$ proceeds
    - Operations: US\$ revenues less A\$ and US\$ costs
  - Possible uses for cash
    - Expansion & new developments – likely currencies: US\$ or A\$
    - Acquisitions - likely currencies: US\$ or A\$
    - Debt repayment: US\$ (Convertible bond)
    - Capital management: A\$
  - Currency mix of cash balance adjusted to align with possible uses
    - Aim is to have US\$/A\$ cash mix between 60/40 and 40/60 depending on company needs
    - As at 26/11/09, cash = US\$569m + A\$445m (58/42 split)
    - Conversion of US\$ to A\$ realised loss of A\$59m
      - = Realised portion to date of estimated foreign currency loss



# FOCUS AREAS: REVENUE MANAGEMENT

## – Copper sales contracts current terms & conditions

- Base price for Cu sales (& Au by-product) set by LME benchmark in US\$
- Quotational Period (QP) for majority of sales relatively short
- Stable sales schedule, average 2 export shipments per month + regular local sales

## – Result:

- OZ Minerals' realised revenues should be reasonably closely aligned to LME average prices over time
- Exposure to provisional pricing adjustments relatively limited

– Most investors appear to hold OZL for exposure to Cu price – current conditions produce this result without hedging

- If sales contract terms & conditions significantly change then question of hedging will be revisited
  - Eg. If QPs become significantly longer then would consider hedging provisional pricing exposure





# FOCUS AREAS: DEPRECIATION

Carrying value of Prominent Hill A\$1.3 billion; Current life of mine 9 years

Depreciation method

- **Mine Property & Mine Development:** Units of Production - ore mined (*no change*)  
Amortisation based on proven and probable reserves. Includes pre strip and capitalised exploration
- **Fixed Processing Plant & Equipment:** Units of Production - ore milled  
Changed from straight-line depreciation to more closely align depreciation to usage of plant. Estimated impact of change in 2009: A\$2m lower depreciation
- **Other Long Term Assets:** Life of Mine (*no change*)  
Straight-line depreciation over life of entire operation (9 years)

Deferred Waste Expense (charged to income statement as operating cost) (*no change*)

- **Stripping costs** while in production are deferred to “deferred mining assets” on balance sheet to extent that actual stripping ratios exceed average life of mine stripping ratio. This is then charged to income statement as an operating cost when ratio is below life of mine average



## FOCUS AREAS: TAXATION

- Carry forward tax losses A\$771m as at 30 June 2009
- Tax losses will offset current and future tax cash payments due on taxable income until exhausted
  - Timing depends on future profitability
- Tax effective amount is A\$231m recorded on balance sheet as an asset
- Full corporate income tax liability at 30% rate continues to be recorded in income statement
  - Cash flow statement will reflect nil tax payment

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# RISK MANAGEMENT

Risk management framework based on Australian & international standards

- Applies to all risk aspects of OZ Minerals' business

Common methodology used to identify, assess, evaluate, treat, monitor and communicate risks

- Framework & risk register refreshed and renewed post-separation

On-going review process

## **Board**

- Approve appropriate risk appetite through review of risk register
- Ensure management process in place to mitigate risks
- Internal Audit assurance that mitigation enacted

## **Executive Committee**

- Owner of risk register - Exco members are owners of each risk
- Quarterly update of risk register
- Biannual update of risk register mitigation actions
- Risk register linked to budget and annual performance contracts
- Biannual report to Board



# CAPITAL STRUCTURE

– Current capital structure result of recent asset sales + debt repayment

- Cash balance: A\$1 billion (held as mix of US\$ and A\$)
- Debt: US\$105 million (convertible bond face value; 2012 maturity)

– Future capital structure

- Align with business, strategy and consequent risk profile
  - Single mine + single commodity requires conservative gearing
    - Up to maximum debt / (debt + equity): 20%
  - If multiple operations + single commodity then reduced risk potentially allows for less conservative gearing
    - Dependent on risk mitigation derived from multiple operations
- Debt facilities' terms & conditions must be closely aligned to OZ Minerals' business conditions & strategy
- Exploring alternatives with possible debt providers



# CAPITAL MANAGEMENT

Given no Group profits or retained earnings due to loss on asset sales, no capacity to pay dividends from 2009 NPAT

- Board will review in mid 2010 and consider interim dividend
  - Dependent on funding requirements of Company at the time
  - Due to tax credits any interim dividend would be unfranked for 2-3 years
- Other possible capital management
  - Surplus capital dependent on outcome of business development activity
  - Lack of franking credits in near future limits alternatives

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10%

# BUSINESS APPROACH



Focus on returns in all areas of our business:

- Operate according to values of Respect, Integrity, Action, Results
- Be operations focussed, optimise operations – invest now to improve productivity, focus on reducing costs
- Invest in and support exploration
- Be disciplined in business development
- Have a flat management structure
- Insist on an open culture
- Minimise corporate overheads
- Use incentive remuneration
- Foster internal expertise



# STRATEGY



To achieve superior returns (measured by Total Shareholder Return) in the resources sector

To achieve this OZ Minerals will:

- Operate under the principle of **Zero Harm** – to employees, to the environment, while benefiting the communities

As a priority, **maximise potential from its existing assets** through requisite performance improvement, cost reduction, investment and exploration

Focus on **copper as the preferred commodity**, benefiting from the strong outlook for the metal, and consider other commodities, where competitive fundamentals and potential for returns is demonstrated

**Build a project pipeline** through a range of development stages to enable delivery of sustainable returns over time; by leveraging its balance sheet strength and expertise to realise opportunities

Pursue Australian and international opportunities in **low to medium risk jurisdictions** which have the potential to increase earnings of the company significantly and have the potential to support a mine life of more than 10 years

Have **exploration as a key pillar of growth** both around existing operations and elsewhere in prospective regions with a balanced risk-returns strategy and based upon a tollgate decision process

**Distribute cashflows from operations**, which are surplus to the immediate needs of the business, through suitable capital management initiatives

- Maintain **high standards of governance** in all areas of its business as a foundation and enact the OZ Minerals Values of **Respect, Integrity, Action & Results**

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