

# QUARTERLY REPORT

FOR THE THREE MONTHS  
ENDED 30 SEPTEMBER 2013



## PROMINENT HILL CONTAINED METAL PRODUCTION

	SEP 2013 QUARTER	2013 YEAR TO DATE
TOTAL COPPER (TONNES)	17,390	55,243
TOTAL GOLD (OUNCES)	28,177	90,985
C1 CASH COSTS (US cents/lb)	205.8	194.6

## EXECUTIVE SUMMARY

Record volumes were mined in the open pit in the quarter and re-gaining re-entry to Stage 3 has started to 'open up' the pit.

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Despite achieving record tonnes mined, the required face advancement was not achieved. The remediation of the south wall overburden slip remained the priority in the early part of the quarter and in addition mining was in areas at the eastern periphery of the orebody where lower than expected grades have been returned. This saw production lower than expected with 17,390t of copper and 28,177oz of gold produced.

C1 costs at US205.8c/pound reflect the level of copper production achieved but, as predicted, with higher mining volumes, unit mining costs in the open pit have decreased by 8 percent.

In order to ensure the most efficient and cost effective mining operations in the pit, a decision has been taken to adjust the current 2013 production target in favour of mining in the long-term interests of the pit.

In addition, according to this plan, mining is to continue in the areas with lower grade while we progress to the most efficient mine plan rather than attempting to mine ore in advance of plan.

The combination of the above factors now sees forecast 2013 production of around 70,000t to 75,000t of copper and 120,000oz to 130,000oz (unchanged) of gold at a C1 cash cost of US\$1.90/lb-US\$2.05/lb. With the focus on mining efficiency, mining unit costs are expected to continue to trend down.

Production guidance for 2014 will be reported after the 2013 Reserve and Resource Statement is completed in December and the 2014 mine plan developed.

Results continued to be as expected from resource development drilling beneath the Malu open pit where work to investigate the development of a third mine continued.

Work continued on a pre-feasibility study at Carrapateena due for completion in the first half of 2014 and significant mineralised intercepts continued to be returned from the Khamsin copper discovery located 10 kilometres to the northwest.

A handwritten signature in black ink, appearing to read 'Terry Burgess'.

Terry Burgess  
Managing Director and Chief Executive Officer  
14 Oct 2013

## **OZ MINERALS QUARTERLY ACTIVITIES TO 30 SEPTEMBER 2013**

### **SAFETY**

Our safety performance continues to positively improve year on year.

Our overall total recordable injury frequency rate, per million hours worked, stands at 7.62. This compares with a rate of 12.52 this time last year.

The lost time injury frequency rate is currently 1.67, with no lost time injuries during the quarter.

All activities at Carrapateena have been Lost Time Injury-free for twelve months.

### **OPERATIONS**

#### **PROMINENT HILL**

##### **Mining Malu open pit**

Remediation of the south wall overburden slip was completed in late July and re-entry into quarantined mining areas in Stage 3 resumed.

With the remediation complete, mining productivity in the Malu open pit increased significantly during the period with volumes mined of 23.8 million tonnes, the highest ever achieved in a single quarter.

Although significant progress was made on the mining program for the quarter, the expected face advancement was not achieved and ore mining accessed zones which were lower grade than expected, at the eastern periphery of the orebody, along with significant proportions of gold-only ore (which does not contain significant copper).

This saw production for the quarter at 17,390t of copper and 28,177oz of gold.

To ensure the most efficient mining operation in the pit, a decision has been taken to adjust the current production target in favour of the long term interests of the mine. This will involve re-profiling the pit in a systematic manner rather than attempting to mine ore in advance of the mine plan. In addition, consistent with mining in an orderly sequence, ore mining will remain in the lower grade areas at the eastern end of the pit. As such, copper production for 2013 will be lower than previously expected.

The strip ratio averaged 12.4:1 for the quarter with the average expected for 2013 remaining at 10-11:1.

##### **Ankata**

Mined grades were higher during the quarter averaging 2.13 percent copper.

There was 1.4Mt of material accessed by development ready for drilling and blasting at the end of the period.

### **Processing**

The plant achieved its highest throughput since early 2011 and its third highest quarter of throughput to date with 2.48 million tonnes processed (23 percent above nameplate capacity).

Milled copper and gold head grades were lower at 0.8 percent copper and 0.48g/t gold driven by the lower open pit feed grade available during the quarter.

Copper recoveries remained high, at 87.5 percent, despite the lower grades. Production of 17,390 tonnes of copper and 28,177 ounces of gold was achieved.

### **Production and cost guidance**

Production for 2013 is expected to be in the range of 70,000t-75,000t of copper and 120,000oz-130,000oz of gold (gold guidance unchanged) at C1 cash costs of US\$1.90-2.05/lb.

The C1 costs are expected to increase from the prior guidance due to lower gold prices (US10c/lb), lower gold production volumes (US10c/lb) and lower payable copper (US25c/lb). These increases are partially offset by the lower A\$/US\$ exchange rate (+US20c/lb).

### **Costs**

C1 cash costs of production for the quarter were US205.8c/lb. Compared to the previous quarter, this increase was largely due to higher gross mining costs with more activity and also due to lower by-product credits which were partially offset by the impact of a lower Australian dollar.

While C1 cash costs were higher, the open pit mining unit costs of A\$5.50/tonne mined were lower than the previous quarter (A\$5.99/tonne mined). This was a result of mining more tonnes in the open pit.

The waste mining cost deferral was larger than in the second quarter as a result of mining a higher proportion of waste.

Mining costs per tonne from underground were approximately A\$63/t which is in line with expectations. This (third) quarter sees a larger proportion of costs expensed than the previous quarter along with a lower tonnage mined.

Processing and maintenance costs were lower with successful renegotiation of critical consumables contracts and timing of plant maintenance. Reduced costs for lower headcount were recognised across the site and support areas.

Inventory value decreased again this quarter due to more ore tonnes milled than mined. At quarter end there were minimal copper ore stocks remaining.

## MINE DEVELOPMENT

### PROMINENT HILL EXTENSION PROJECTS

#### Malu underground project

OZ Minerals continues to investigate supplementing copper and gold production with a second underground mine from within the known resources beneath the Malu Open Pit. Depending on the outcome of resource definition drilling and economic analysis production from this area could commence in late 2014.

Drilling from underground commenced in early 2013 to provide more detailed and higher confidence information from this area in order to inform decision-making on the economic viability of underground mining in this area.

The drilling is staged, with approximately 15 percent of the zone currently being tested as part of phase 1, and the remainder to continue to be tested in 2014 and beyond.

Access to the southern side of the Malu Underground Resource zone for drilling and potential future production was achieved with the Malu Footwall Decline in the first quarter. During the third quarter the Malu Hangingwall decline which will provide access to the orebody from the northern side reached its northern most limit and has now turned to continue development towards the east. This now allows initiation of underground drilling from the northern side of the orebody for the first time. Drilling during the majority of the quarter was undertaken by three rigs.

Results continue to confirm the boundaries and continuity of resource interpretation (reported 2012 Mineral Resource) in the area of the first potential Malu stopes (western end of the deposit). Assays have generally continued to produce composited mineralisation intercepts in line with expectation for both position and grade adjacent to the bottom of the Malu ultimate pit design.

During the quarter 21 holes were drilled with 7696.5 metres completed. During the quarter results from 16 holes were released as part of an investor presentation released to the ASX. Significant intersections from these and an additional 8 holes received subsequently have been included at the end of this report.

Better results included:

	Interval	Cu (%)	Au (g/t)	From (m)	Domain
PH13GC5945	14.3	3.1	0.6	143.7	340
PH13GC5945	14.9	2.7	0.5	230	PHSZ
PH13GC5963	12.8	6.5	0.6	368.8	Dolomite
PH13GC5968	22.0	1.5	0.4	125	340
PH13GC6000	17.8	2.9	0.3	226	PHSZ
PH13GC6005	53.1	3.3	0.7	344.9	Dolomite
PH13GC6006	13.0	5.1	0.3	260	PHSZ
PH13GC6029	26.0	2.1	0.3	159	PHSZ
PH13GC6035	22.0	1.3	0.4	200	PHSZ
PH13GC6039	18.7	2.4	0.2	183	PHSZ

Intercepts are length weighted down-hole,  $\geq 0.5\%$  Cu with  $\leq 2\text{m}$  consecutive down-hole internal dilution, widths reported may not reflect true widths, please refer to the Prominent Hill 2012 Mineral Resource Explanatory and notes for further explanation on quality assurance. A complete listing of Malu Q2 mineralised intercepts can be found in Table 3 of this report.

A new Malu Resource update based on a 30 June 2013 drilling cut-off date will be available for this area in the December quarter.

## EXPLORATION

### CARRAPATEENA

#### Pre-feasibility study

The pre-feasibility study for Carrapateena continued during the quarter and remains on schedule for completion towards the end of the first half of 2014. The study aims to determine a single option for project development to take to full feasibility study and a range of options are still being examined.

Work in the period included drilling the deposit for metallurgical and for rock stress measurements. Work on drill-testing for potential groundwater resources was also commenced.

While a decision has been made to delay the development of an exploration decline, the tunnel boring machine which has been acquired to complete the decline continues to be remanufactured in China. The machine is due to be delivered to Adelaide in early 2014.

#### Regional exploration

Regional exploration on the Carrapateena licenses is currently solely focussed on the Khamsin discovery, located 10kilometres northwest of Carrapateena.

This discovery was made in late 2012 and fifteen holes have been completed to date with partial results received for the latest two holes.

Positive assay results continue to be returned from this potential new deposit. A mineralised body with a footprint projected to surface of approximately 900m by 600m has been identified and mineralisation remains open to the west, south and east. Drilling to extend the boundaries of the known mineralisation continues.

Better results returned during the quarter are tabulated below:

DD13KMS009*	Interval	Cu (%)	Au (g/t)	From (m)
	<b>708</b>	<b>0.49</b>	<b>0.11</b>	<b>950</b>
** including	10	2.17	0.11	991
** including	14	1.15	0.38	1436
** including	96	1.21	0.25	1470
DD13KMS010*				
*	<b>840</b>	<b>0.51</b>	<b>0.14</b>	<b>747</b>
** including	41	2.64	0.46	835
** including	12	1.51	0.56	913
** including	19	0.99	0.31	936
DD13KMS011W1*	662	0.57	0.09	888
DD13KMS012 (results still awaited from 1306 to EOH)				
	<b>414</b>	<b>1.06</b>	<b>0.29</b>	<b>894</b>
including	126	1.95	0.65	1055.0
	39.8	1.11	0.26	1221.2
	17.0	1.21	0.27	1289.0
DD13KMS013 (results still awaited from 1364m to EOH)				
*	<b>826</b>	<b>0.41</b>	<b>0.14</b>	<b>756</b>
** including	39	1.89	0.13	860

During the quarter results for holes DD13KM09, DD13KM010 and DD13KM11W1 were released as part of an investor presentation. Partial results from holes DD13KM12 and DD13KM13 were returned subsequent to this.

Plans presenting drilling results in cross section and plan view can be found in the accompanying presentation.

## EXPLORATION

### Stuart Shelf Tenements

OZ Minerals acquired a 2,554km<sup>2</sup> tenement package from Straits Resources in mid-2013. The tenements are located along strike from Carrapateena and Khamsin and enhance OZ Minerals' ground holding in the region.

Infill ground gravity data collection has commenced on the new tenements to contribute to target generation.

### Chile - Guamanga Project JV (OZ Minerals earning 80 percent)

OZ Minerals entered a Joint Venture with Herencia Resources during the quarter. OZ Minerals can earn an initial 51 percent stake by funding US\$3 million over 20 months and can increase this stake to 80% by sole funding an additional US\$5 million over 24 months.

The Guamanga Project is located within the Atacama Iron Oxide Copper Gold district approximately 750 kilometres north of Santiago, Chile. The target is Iron Oxide Copper Gold (IOCG) systems similar to Anglo American's Manto Verde mine, which is located 15 kilometres to the north of the Guamanga Project.

OZ Minerals plans to test the potential of this project quickly and has commenced geophysical surveys over prospective areas.

### IMX Joint Venture

During the quarter OZ Minerals withdrew from the IMX Joint venture. This withdrawal was in-line with OZ Minerals reduction in expenditure in regional exploration on its solely owned tenements.

## SALES & MARKETING

The shipments of concentrate during the quarter totalled 31,315 tonnes, containing 14,740 tonnes of copper, 26,818 ounces of gold and 123,977 ounces of silver.

## CORPORATE

### 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 broadcast is available to all interested parties via the OZ Minerals' web site ([www.ozminerals.com](http://www.ozminerals.com)) at time of broadcast and is archived on the website shortly thereafter for ongoing future 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.

## CORPORATE INFORMATION

### ISSUED SHARE CAPITAL AT 14 OCTOBER 2013

ORDINARY SHARES 303,470,022

### SHARE PRICE ACTIVITY FOR THE SEPT QUARTER (CLOSING PRICE)

HIGH \$4.64

LOW \$3.88

LAST \$4.40 (11 OCTOBER 2013)

AVERAGE DAILY VOLUME 2.78 MILLION SHARES

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THIS INFORMATION AND EXPLORATION RESULTS RELATING TO PROMINENT HILL HAS BEEN APPROVED FOR RELEASE IN THE FORM AND CONTEXT IN WHICH IT APPEARS BY MR COLIN LOLLO WHO IS A FULL TIME EMPLOYEE OF OZ MINERALS AND HAS SUFFICIENT EXPERIENCE WHICH IS RELEVANT TO THE STYLE OF MINERALISATION AND TYPE OF DEPOSIT UNDER CONSIDERATION AND TO THE ACTIVITY UNDERTAKEN TO QUALIFY AS A COMPETENT PERSON AS DEFINED IN THE 2004 EDITION OF THE 'AUSTRALASIAN CODE FOR REPORTING OF EXPLORATION RESULTS, MINERAL RESOURCES AND ORE RESERVES.

INFORMATION AND EXPLORATION RESULTS RELATING TO CARRAPATEENA EXPLORATION WITHIN THIS RELEASE ARE BASED ON INFORMATION COMPILED BY MR A HOUSTON BSC WHO IS A FULL-TIME EMPLOYEE OF OZ MINERALS, IS A MEMBER OF THE AUSTRALIAN INSTITUTE OF GEOSCIENTISTS AND HAS SUFFICIENT EXPERIENCE RELEVANT TO THE STYLE OF MINERALISATION AND TYPE OF DEPOSIT UNDER CONSIDERATION AND TO THE ACTIVITIES UNDERTAKEN TO QUALIFY AS A COMPETENT PERSON AS DEFINED BY THE JORC CODE (2004). MR HOUSTON HAS CONSENTED TO THE INCLUSION OF THE MATERIAL IN THE FORM AND CONTEXT IN WHICH IT APPEARS WITHIN THIS RELEASE.

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## OZ MINERALS PROMINENT HILL PRODUCTION & COSTS

**TABLE 1**  
**PROMINENT HILL PRODUCTION STATISTICS**

		<b>JUN QTR '13</b>	<b>SEP QTR '13</b>	<b>SEP YTD '13</b>
MINED (TONNES)	MALU ORE	1,769,398	1,775,044	5,881,395
	ANKATA ORE	303,247	275,634	868,494
	WASTE	18,454,484	22,061,801	56,479,120
MINED GRADE	MALU COPPER (%)	0.67	0.60	0.65
	ANKATA COPPER (%)	1.87	2.13	1.98
	GOLD (G/T)	0.53	0.47	0.57
	SILVER (G/T)	2.76	2.79	2.74
ORE MILLED	(TONNES)	2,365,159	2,486,714	7,207,868
MILLED GRADE	COPPER (%)	0.84	0.80	0.88
	GOLD (G/T)	0.55	0.48	0.53
	SILVER (G/T)	2.77	2.42	2.77
RECOVERY	COPPER (%)	87.1	87.5	87.5
	GOLD (%)	74.2	73.3	74.5
	SILVER (%)	73.2	73.0	74.3
COPPER CONCENTRATE PRODUCED	TONNES	38,554	36,847	117,940
CONCENTRATE GRADE	COPPER (%)	45.1	47.2	46.8
	GOLD (G/T)	25.0	23.8	24.0
	SILVER (G/T)	124.5	119.1	125.6
CONTAINED METAL IN CONCENTRATES	COPPER (TONNES)	17,379	17,390	55,243
	GOLD (OZ)	31,018	28,177	90,985
	SILVER (OZ)	154,272	141,119	476,374
TOTAL CONCENTRATE SOLD	(DM TONNES)	55,781	31,315	112,691

**TABLE 2 - OPERATING COSTS ('C1')****PROMINENT HILL COSTS (US CENTS PER LB)**

	<b>JUN QTR '13</b>	<b>SEP QTR '13</b>	<b>YTD '13</b>
MINING COSTS	354.5	365.1	339.1
DEFERRED MINING	-206.6	-216.1	-162.3
ORE INVENTORY ADJ	29.8	38.3	6.9
TOTAL MINING COSTS	177.7	187.3	183.7
TOTAL SITE PROCESSING COSTS	73.0	61.1	65.3
TC AND TRANSPORT	40.8	37.9	39.7
BY-PRODUCT CREDIT	-122.3	-103.7	-117.7
OTHER DIRECT CASH COSTS	25.5	23.2	23.6
TOTAL C1 COSTS	<b>194.7</b>	<b>205.8</b>	<b>194.6</b>
ROYALTIES	6.2	5.9	6.4
OTHER INDIRECT COSTS	14.4	8.9	11.6
TOTAL CASH COSTS	215.3	220.6	212.5
DD&A	140.1	124.9	132.6
OTHER NON CASH COSTS	0.6	3.0	-3.7
TOTAL PRODUCTION COSTS	<b>356.0</b>	<b>348.5</b>	<b>341.4</b>

**TABLE 3 - SIGNIFICANT RESULTS MALU UNDERGROUND DRILLING Q3 2013**

Hole Number	From (metres)	Interval (metres)	Copper (%)	Gold(g/t)	Mineralisation Domain
PH13GC5945	143.7	14.3	3.1	0.6	340
PH13GC5945	230	14.9	2.7	0.5	PHSZ
PH13GC5945	255	14	1.6	0.3	PHSZ
PH13GC5945	368.2	7.8	2.1	1.3	Dolomite
PH13GC5945	387	9.3	1.6	0.1	Dolomite
PH13GC5945	413.7	3.3	1.5	0.2	HWFZ
PH13GC5947^	121.7	25.7	1.7	0.4	340
PH13GC5947^	159	5.1	1.5	0.3	340
PH13GC5947^	234	9.3	1.9	0.4	PHSZ
PH13GC5947^	256.1	15.4	1.5	0.3	PHSZ
PH13GC5947	344	13.0	0.9	0.2	Dolomite
PH13GC5958	NSR				
PH13GC5963	153.6	4.6	3.3	0.6	340
PH13GC5963	163.3	4.0	1.1	0.4	340
PH13GC5963	243.4	15.7	2.0	0.3	PHSZ
PH13GC5963	266.1	13.6	2.4	0.2	PHSZ
PH13GC5963	368.8	12.8	6.5	0.6	Dolomite
PH13GC5963	447	2.3	1.9	0.1	HWFZ
PH13GC5967	NSR				
PH13GC5968	125	22.0	1.5	0.4	340
PH13GC5968	236.8	5.4	3.0	0.5	PHSZ
PH13GC5968	254.7	14.5	1.3	0.4	PHSZ
PH13GC5981	161	15.0	1.2	0.2	340
PH13GC5981	285.2	11.8	1.5	0.4	PHSZ
PH13GC5982	258.7	9.0	2.2	0.2	PHSZ
PH13GC5982	422	3.0	1.0	0.0	HWFZ
PH13GC5995	139	11.2	2.1	0.7	340
PH13GC5995	239.6	4.4	2.1	0.5	PHSZ
PH13GC5995	262.7	10.3	1.5	0.3	PHSZ
PH13GC5995	359	3.3	1.1	1.7	Dolomite
PH13GC5995	406	3.0	2.0	0.5	Dolomite
PH13GC5997	179.8	10.5	1.3	0.4	340
PH13GC5997	203	4.0	2.6	0.5	340
PH13GC6000	145.5	14.5	2.3	0.5	340
PH13GC6000	226	17.8	2.9	0.3	PHSZ
PH13GC6000	252	19	1.1	0.3	PHSZ
PH13GC6000	400	8.9	2.0	0.4	Dolomite
PH13GC6000	423	4.0	0.8	0.1	HWFZ
PH13GC6000	433	2.5	0.8	0.1	HWFZ
PH13GC6003	186	5.0	1.1	0.6	340
PH13GC6005	152	17.0	1.8	0.4	340
PH13GC6005	271	12.0	0.9	0.2	PHSZ
PH13GC6005	344.9	53.1	3.3	0.7	Dolomite
PH13GC6006	146.7	11.0	3.3	0.6	340
PH13GC6006	240	8.0	2.2	0.3	PHSZ
PH13GC6006	251	4.8	2.7	0.5	PHSZ
PH13GC6006	260	13.0	5.1	0.3	PHSZ



PH13GC6006	386	7.0	2.9	0.5	Dolomite
PH13GC6006	422	8.0	1.2	0.1	HWFZ
PH13GC6029	159	26.0	2.1	0.3	PHSZ
PH13GC6029	190.5	5.5	1.1	0.4	PHSZ
PH13GC6029	281	14.0	1.3	0.3	PHSZ
PH13GC6029	370	4.0	1.3	0.2	Dolomite
PH13GC6029	398	2.7	1.1	0.4	Dolomite
PH13GC6030	164.7	8.2	1.4	0.6	PHSZ
PH13GC6030	290.1	4.9	4.3	0.2	PHSZ
PH13GC6031	186	4.0	1.0	0.6	PHSZ
PH13GC6035	200	22.0	1.3	0.4	PHSZ
PH13GC6035	295.2	4.8	1.3	0.2	PHSZ
PH13GC6035	305	5.1	1.0	0.5	PHSZ
PH13GC6039	183	18.7	2.4	0.2	PHSZ
PH13GC6039	208	8.0	1.0	0.3	PHSZ
PH13GC6039	225	12.0	1.9	0.3	PHSZ
PH13GC6039	306	6.0	2.2	0.3	PHSZ
PH13GC6044	169	6.0	1.5	0.4	PHSZ
PH13GC6048	165	5.0	0.7	0.9	340
PH13GC6048	178	9.0	1.4	0.7	340
PH13GC6048	199	8.0	0.7	0.3	340
PH13GC6048	300.4	9.6	1.1	0.2	PHSZ
PH13GC6049	NSR				
PH13GC6050	138	10.0	2.2	0.3	PHSZ
PH13RD6062	156.6	6.4	2.3	0.4	PHSZ

Intercepts are length weighted down-hole,  $\geq 0.5\%$  Cu with  $\leq 2\text{m}$  consecutive down-hole internal dilution, widths reported may not reflect true widths, please refer to the Prominent Hill 2012 Mineral Resource Explanatory and notes for further explanation on quality assurance. A complete listing of Malu Q2 mineralised intercepts can be found in Table 3 of the quarterly release report.

^Intercepts inside final Malu Open Pit design.

NSR=No significant intersection