



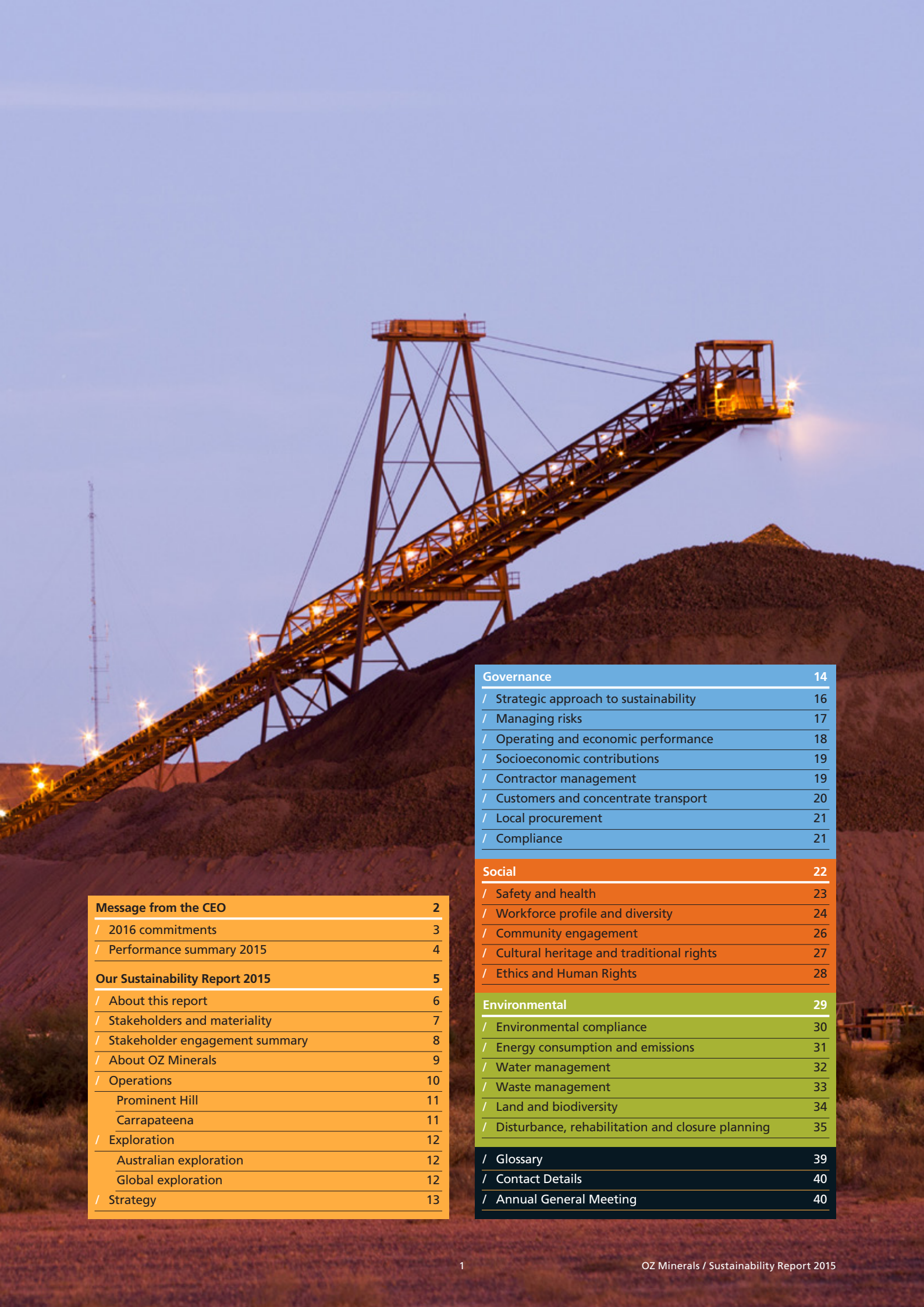
A modern mining company

2015 highlights

As a modern mining company, we seek to share the benefits of our business and contribute positively to society.

- / Record safety performance – 35 percent reduction in TRIFR to 5.30
- / Site Safety Acceleration Program commenced
- / New growth strategy implemented
- / Corporate office relocated to Adelaide
- / Analysis of Carrapateena options complete and stand-out option taken to pre-feasibility phase
- / Early commissioning of Malu Underground
- / Encouraging final results from Hydromet trial
- / Over \$160 million spent on South Australian providers





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Message from the CEO



As a modern mining company, OZ Minerals strives to create and sustain a safe workplace for our people, minimise and expertly manage our environmental impact whilst ensuring we create value for our shareholders, communities and stakeholders.

In 2015, we launched our growth strategy with a commitment to safety, one of the foundational elements. We believe that best in class safety performance is enabled by strong leadership. The senior management team at OZ Minerals is committed to creating a safe environment for everyone. Being injured at work, or in the commute to and from, is unacceptable. That is why we have a continued focus on improving our safety culture to achieve an injury free workplace.

At the end of 2015, OZ Minerals had no permanent or serious disabling injuries and our total recordable injury frequency rate (TRIFR) decreased by 35 percent to 5.30. The lost time injury frequency rate (LTIFR) per million hours worked also decreased to 0.99 from 2.46 in 2014. At Prominent Hill, we achieved the best safety record since operations commenced. We will continue focusing on the way we lead and the way we work to ensure no-one is injured in the workplace or on any of our sites. In 2016, we will be improving the way we report, investigate and prevent reoccurrence of significant incidents and we're taking proactive steps to further reduce our TRIFR.

The communities we work in are very important to us. We want to have a positive impact on community stakeholders and create lasting benefits. In 2015, OZ Minerals received a commendation for excellence in supporting communities as part of the South Australian Premier's Community Excellence Awards in Mining and Energy. The awards acknowledge outstanding efforts in supporting communities,

social inclusion, workforce diversity and environmental excellence. OZ Minerals has a strong reputation in South Australia and our local procurement principles have meant that, wherever possible, we buy local goods and services. The Company spent over \$160 million with South Australian providers in 2015. We also continued sponsorship programs with community organisations including the Royal Flying Doctor Service (RFDS), the Remote & Isolated Children's Exercise Inc. (RICE), the South Australian Living Artists Festival (SALA), the Coober Pedy Football Club and local gymkhanas.

OZ Minerals has a partnership mentality and works hard to build sustainable relationships that respect local cultures. We believe mining can co-exist with traditional owners and pastoralists and that relationships built on trust and respect can benefit everyone. All OZ Minerals employees and contract partner leadership teams participate in cross-cultural awareness training to better understand the need for sustainable, long-term economic empowerment, social development and cultural significance of the land. To further support this, our new policies reflect a commitment to uphold human rights and to recognise and respect the rights of Aboriginal and Indigenous people.

Running a lean business is part of the OZ Minerals strategy and is crucial in ensuring we remain sustainable into the future. This was one of the factors behind the decision to close the Melbourne office during 2015. This change led to us falling short of meeting our commitment to increase the number of female employees in all job bands, to at least 25 percent. The Company did however receive an award for excellence in leadership in recognition of our continued focus on developing female leaders. Our commitment to improve gender diversity will continue to be prioritised in 2016.

Economic contribution is an important indicator for our long-term sustainability strategy. We are committed to increasing value for shareholders, employees, customers and communities. Our plan for Carrapateena to become a world-class project that generates strong returns has taken a big step forward. Whichever lens you look through, whether it is value, rate of return, grade, cost, mine life, production profile, jobs or scalability, Carrapateena will be an outstanding project. We have identified a stand-out option that we expect will generate hundreds of jobs in South Australia and make a lasting difference to the local community.

As we move forward with engineering at Carrapateena and prepare for the completion of the open pit at Prominent Hill, we remain committed to taking care of our environment. We're conscious of minimising our environmental footprint, making sure we comply with legislation and demonstrate high industry standards. OZ Minerals has invested in research and development programs specifically focused on environmental outcomes during project design and engineering stages of the project life cycle, ensuring we remain sustainable.

To complement our newly implemented growth strategy, we have redefined our business and governance models in line with running a lean operation. As part of this, nine new policies were defined and can be found on our website. We continue to expand on this important work and the new policies provide a strong foundation for sustainability initiatives now and in the future.

Another important part of our strategy involves growing the Company, both organically and acquisitively. We are in a position to pursue our growth agenda and this will be a focus during the year. Additionally in 2016, we will be delivering free cash to shareholders and improving the way we manage capital. These initiatives will ensure we remain profitable, disciplined and are able to sufficiently fund growth ambitions. At Prominent Hill, this entails optimising our mining operations as we transition to an underground only operation, maintaining our strong processing plant performance and ensuring our saleable product meets customer requirements.

I'd like to thank our many stakeholders that supported us during 2015 and we look forward to another successful year ahead. As always, OZ Minerals welcomes feedback on this report so that we can continually improve our sustainability performance and reporting methods.

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

Andrew Cole

2016 commitments

Key commitments for 2016 have been categorised into focus areas. These commitments have been prioritised to simplify the way we work, improve collaboration and embed our lean, devolved operating model as we grow. The 2016 sustainability commitments made below align to the Company's key performance indicators, as well as the material aspects identified through the materiality assessment.

Focus areas	Commitments
/ Safety and Health	Safety, Health, Environment and Community (SHEC) incidents reported and investigated. Improvement in the TRIFR against the 2015 reporting period. Implementation of one joint safety program together with contractors.
/ Economics	Roll out training sessions for the new corporate governance model to the workforce.
/ Environment	Identification and assessment of critical controls/barriers for the minimisation of environmental and social impact.
/ Community	Deliver human rights training to employees who work in areas of high exposure to human rights related risks.
/ Our People	Deliver unconscious bias training across the workforce. Improve leadership effectiveness.



Performance summary 2015

● Achieved ● In progress ● Not achieved

Focus area	Commitment	Performance	Progress
/ Safety and Health	No fatalities or serious disabling injuries.	There were no fatalities or serious disabling injuries in 2015.	●
	An improvement in the TRIFR against the 2014 reporting period.	Record safety performance with a TRIFR reduction to 5.30 (35 percent decrease from 2014).	●
	Quarterly reviews of significant incidents with senior leadership.	Weekly reviews were undertaken by senior leadership with an improved culture of reporting and increased reporting of significant incidents.	●
	Effective risk management with critical control reviews across extreme and high risks.	The Site Safety Acceleration Program aimed to achieve continuous safety performance improvement through cultural change. Focus on improving processes and ensuring competency for tasks.	●
/ Environment	No significant environmental incidents.	There were no significant environmental incidents in 2015.	●
	Continue to demonstrate identification of resource efficiency initiatives.	Water return and recycling from the tailings storage facility increased in 2015 as a result of water efficiency projects. Water return increased from a yearly average in 2014 of 6.9 percent to an average return in 2015 of 13.4 percent, which reduced the draw of raw water from the borefield overall.	●
	Continued progressive rehabilitation and closure planning.	Redevelopment of an integrated closure management approach to drive improved progressive rehabilitation. This includes a methodology to demonstrate completion of parts of the operation, in line with expectations and modelling into arid areas tailings capping methodologies.	●
	Continue to support environmental research and development initiatives for improved environmental management.	Development of a method to assist the stage of development for a groundwater exploration program at Carrapateena. Completion of an Environment and Social Impact Assessment Framework to improve the ability to present controls and forward works required to minimise and manage impact. Research into waste dump facility and concurrent focus on rehabilitation.	●
/ Our People	Demonstrate development of our high-performing women.	Numerous women were identified and provided with external development opportunities in 2015. This included internal secondments and movement into new roles, as well as external leadership, mentoring and coaching programs.	●
	Include at least one female in one third of succession plans.	Thirty roles were reviewed as part of the succession planning process undertaken in 2015. Ten females were identified in succession plans. This included 57 percent of female successors identified in the 5+ year succession plan for executive committee roles.	●
	Increase numbers of females in all bands that do not currently have a representation of at least 25 percent.	Representation of female employees did not increase in 2015, however OZ Minerals' overall female representation of 20 percent remains above the industry norm of 13 percent (as measured by the Australian Bureau of Statistics labour market research into the resources sector).	●
/ Community	No significant community incidents.	There were no significant community incidents in 2015.	●
	Continue to support community-led initiatives.	Sponsorship of community-led initiatives continued in 2015.	●
	Manage the impacts of the scheduled demobilisation in line with our social impact strategy.	Continued efforts with major contracting partner Thiess in line with planned demobilisation from the open pit mine.	●

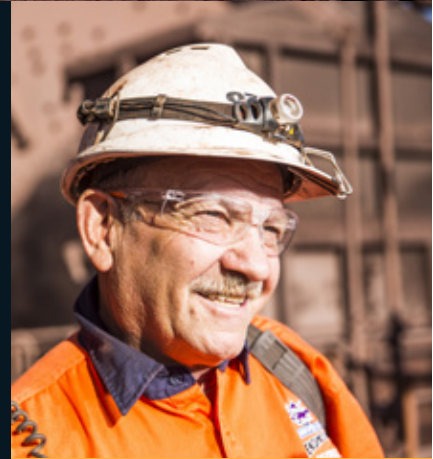
Our Sustainability Report 2015

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OZ Minerals strives to build capacity for a sustainable future.



\$879.4m

—
in revenue



About this report

This report outlines OZ Minerals' sustainability performance for the calendar year to 31 December 2015. It covers sustainability aspects of the corporate office, the Prominent Hill copper-gold operation and the Carrapateena project, both located in the favourable mining jurisdiction of South Australia.

OZ Minerals' global exploration projects are discussed, but due to the size and scale of these activities, additional performance data included in this report is only supplied for aspects where data was available. During 2015, OZ Minerals entered into joint venture exploration projects with Minotaur Exploration and Toro Energy Ltd, however no on-ground joint venture activities occurred during the reporting period.

Data for this report is collected through information derived from databases, interviews and questionnaires. OZ Minerals undertakes regular engagement, including face-to-face consultation with key stakeholders to inform the materiality process. The materiality matrix also identifies how the Company uses communication channels to discuss and manage other important matters that may not be deemed material. OZ Minerals identifies material aspects on the basis of extensive document analysis. The aim of the report is to demonstrate the many ways in which OZ Minerals is building capacity for a sustainable future.

A concerted and consistent effort is made to ensure OZ Minerals is a valued member of the communities in which it operates. The Company strives to identify and implement cost efficiencies wherever possible and has consistently delivered on this commitment in 2015. A cost reduction program has already realised annual savings in excess of \$5 million. This has enabled lean, yet profitable, operations which open up significant growth pathways.

High standards of safety are integral to ensuring a sustainable operation. Overall safety performance at OZ Minerals captures all direct employees, contractors and visitors working at Company sites. Safety data tables refer to permanent full-time and part-time OZ Minerals employees only and is calculated using the head count methodology, unless otherwise specified. All monetary amounts in this report are in Australian dollars unless otherwise stated.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) G4 'Core' Reporting Guidelines. It focuses on core and supplementary aspects where they present a material significance to sustainability performance and have an impact on stakeholders. In addition, there are also indicators that have been reported against the Mining and Metals Sector Supplement from

the GRI G4 Guidelines, as these were developed by representatives from industry and relevant stakeholders.

Ernst & Young conducted limited assurance for information contained within the performance summary table against the 2015 commitments, materiality process and aspects identified in the materiality assessment. The assurance report can be found in the independent assurance section of this report. An independent third party check has been conducted on the GRI indicator table and the report's preparation in accordance with the Global Reporting Initiative's G4 guidelines.

While OZ Minerals has no reason to believe that any information contained in this report is inaccurate and all reasonable efforts have been made to report and provide accurate content for the Sustainability Report, OZ Minerals Ltd does not warrant the accuracy or completeness of the information in this report. Any person using or relying on this information should contact OZ Minerals Ltd: info@ozminerals.com



Stakeholders and materiality

This report focuses on aspects that have been identified as having material significance to sustainability performance and an impact on stakeholders. In 2015, four material aspects have been identified: Safety and Health, Indigenous Rights, Economic Performance and Environmental Compliance. This report discusses business processes around these aspects. Other aspects are mentioned in the report and on our website. OZ Minerals' 2015 GRI Content Index is available on the website and indicates how this report meets GRI G4 requirements. The process to identify these aspects complies with the Global Reporting Initiative (GRI) guidance on materiality and completeness and is based on a range of internal and external considerations and priorities.

OZ Minerals conducts an annual materiality assessment to look at the relevance of sustainability aspects for stakeholders and the Company. They are identified on the basis of an extensive document review. This includes reviewing material aspects and commitments from preceding years, industry peers, independent research reports and standards aimed at identifying the highest material significance in the industry. Sustainability aspects raised by key stakeholders including government and local communities, analyst articles

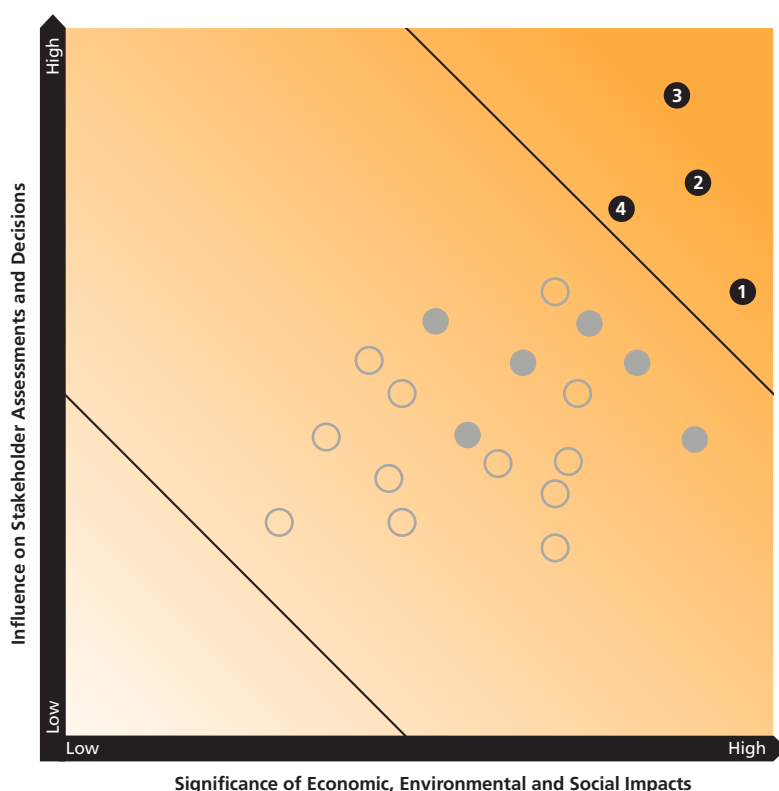
and daily media monitoring reports are also considered. They are then assessed for their impact on OZ Minerals and stakeholders based on discussions with interested parties, input from senior leaders, internal subject matter experts and relationship managers.

Material aspects prioritised as having a medium or high impact on both the business and stakeholders are disclosed in the Sustainability Report. These aspects are plotted on the materiality matrix, which is divided into three segments. The top segments display the material aspects of greatest importance for OZ Minerals.

OZ Minerals focuses on continuous improvement and has used the feedback from external sustainability specialists, analyst groups and management reports to make a valuable contribution to this document. OZ Minerals undertakes regular engagement, including face-to-face consultation with key stakeholders and uses this consultation to inform the materiality process. The materiality figure identifies how OZ Minerals continues to utilise communication channels to discuss and manage areas of importance that may not be classified as material, but are important to OZ Minerals' sustainability strategy.

This report would be of value to shareholders, the financial community, governments, non-government organisations and sustainability experts. Information around OZ Minerals' economic, social and environmental performance is conveyed to local communities, pastoralists and traditional owners through regular liaison and correspondence.

The sustainability report covers OZ Minerals' operations and its operating subsidiaries, excluding joint ventures where we do not have operating control. OZ Minerals' subsidiaries are listed in the Annual Report.



Stakeholder engagement summary

Stakeholder group	About the Stakeholder	Engagement
/ Customers	Smelters, refiners and downstream copper product fabricators around the globe. With a key interest in product quality and a greater awareness of global labour issues, human rights and downstream product safety due to the nature of their business.	Regular formal and informal communication with marketing department staff. Personal visits by marketing department and process management staff. Site visits to customer plants and customer representatives encouraged to visit OZ Minerals' operations.
/ Employees	Employees are predominantly South Australian based, FIFO employees with 32.25 percent covered by collective bargaining agreements.	Regular communication with staff through presentations and discussions, through the intranet, email alerts, hard copy newsletters, 'noticeboard items' and a regular electronic letter from the CEO.
/ Governments	Local, state and national regulators and government agencies.	Regular formal and informal communications with investor relations, operational senior management and staff through site visits, meetings, events and reporting.
/ Industry associations	Mining and minerals industry.	Representative on boards and committees, engagement on specific projects.
/ Investment community	Mainstream brokers, financial analysts and fund managers, sustainability and ethical investment analysts, retail investment advisers, existing and potential shareholders, both domestically and internationally.	Annual General Meeting, Annual Reports and Sustainability Reports, Quarterly Reports and webcasts, ASX releases, Company website, direct phone contact with investor relations, presentation at industry conferences, briefings and site visits.
/ Local communities	Individuals and groups local to our operations, including pastoralists, traditional owners, local Aboriginal groups, development groups, local businesses and councils.	Location-specific community relations personnel, community meetings, formal and informal communications, as well as social media.
/ Media	Print, radio, television and online platforms.	Dedicated media relations function. Regular engagement with business and regional media through six teleconferences per year, regular ad-hoc one-on-one discussions, interviews, ASX releases, media releases and site visits.
/ Non-government organisations	Local, regional and international environmental, human rights, development, corporate social responsibility and sustainability organisations.	Liaise directly with operational management, environment and community relations departments on specific issues. Annual Reports and Sustainability Reports and media releases.
/ Shareholders	Retail and institutional shareholders.	Annual General Meeting, Annual Reports and Sustainability Reports, Quarterly Report, and webcasts, website (where all releases and other information on OZ Minerals is maintained and regularly updated), direct phone contact with investor relations and share registry within legal restraints.
/ Suppliers	From local businesses to large international organisations.	Regular meetings with commercial and operational staff.
/ Other mining companies and academics	Other mining companies, mining regulators, industry associations and minerals industry academics, Industry Alliance with representatives of resource companies in the Coober Pedy region and Coober Pedy council.	Papers and presentations given by executives at various industry-related conferences. Location-specific industry meetings, informal communication and working groups.

About OZ Minerals

OZ Minerals Limited is an Australian modern mining company listed on the Australian Securities Exchange which specialises in exploring, developing and operating copper, gold and base metal projects. OZ Minerals strives to be a global market leader in the resources sector, with a clear strategy and effective governance model which supports value creation for stakeholders.

OZ Minerals owns and operates the Prominent Hill mine, a high-quality copper-gold mine, as well as the Carrapateena advanced exploration project, which is Australia's largest undeveloped copper deposit located close to key infrastructure in South Australia. As Australia's third largest copper producer with quality assets, a substantial cash balance and no debt, OZ Minerals strives to be a global market leader and partner of choice in the resources sector.

Prominent Hill is located 650 kilometres north-west of Adelaide and 130 kilometres south-east of Coober Pedy and comprises a combined open pit and underground mine. Prominent Hill produces a high-grade, fine-grained copper concentrate that is sent to smelters around the world to produce copper in its metal form. Since commencing operations in 2009, Prominent Hill has grown from a single open pit mining operation into an integrated open pit and underground operation. Mined copper and gold ore is processed through the plant to produce some of the highest grade copper concentrate in the world with C1 costs within the first quartile of the cost curve.

The Carrapateena project is located 250 kilometres south-east of Prominent Hill and 160 kilometres north of Port Augusta. Since acquiring the Carrapateena exploration project in 2011, OZ Minerals has undertaken a significant amount of work to identify the best development path for the future.

During 2015, in an endeavour to identify and define a sustainable development for Carrapateena, the Company undertook a number of initiatives including:

- construction and operation of a Hydromet demonstration plant
- a study to optimise a stand-alone block cave option
- a study to assess linking Carrapateena to Prominent Hill via a 250 kilometre rail line
- identification of a high-grade ore option, including a scoping study completed over four months, evaluating nine development options for Carrapateena.

As a modern mining company, OZ Minerals is committed to creating and sustaining a positive culture where diversity is valued, encouraged and promoted. It also has a strong sustainability focus with significant contributions to people, communities and the environment. OZ Minerals is a member of numerous organisations, including the Australian Mines and Metals Association and the South Australian Chamber of Mines and Energy (SACOME).

2015 Awards

- / Commendation for excellence in supporting communities as part of the South Australian Premier's Community Excellence Awards in Mining and Energy.
- / Award for excellence in leadership in recognition of our continued focus on developing our female leaders as part of the Premier's Community Excellence Awards.



Operations



Prominent Hill
is a copper-gold
mine located
650 km north-west
of Adelaide



The Carrapateena
project is located
160 km north
of Port Augusta

Operations continued

Prominent Hill

Strong and safer operating performance, in addition to meeting customer requirements and producing exceptional concentrate, resulted in a record breaking year for OZ Minerals. During the year, Prominent Hill achieved record copper production of 130,305 tonnes and strong gold production of 113,028 ounces. Copper was within and gold above guidance. The increased production over 2014 was achieved through record mill throughput rates of 1,292 tonnes per hour resulting in ore milled of 10.6 million tonnes in 2015, which was 33 percent above nameplate capacity.

The Prominent Hill mine achieved a number of milestones during the year. They included three consecutive months without a reportable injury; a first for Prominent Hill, the commissioning of the Malu Underground mine in July three months ahead of schedule, and the execution of the open pit stability program.

Prominent Hill C1 cost of US 70.1 cents per pound of copper was within the first quartile for all copper producers worldwide (Wood Mackenzie data from Q4 2015). This cost performance was the result of an enhanced focus on cost control, increased efficiencies and the relatively weaker Australian dollar.

Open pit operations continued to improve, with a number of efficiencies driving accelerated demobilisation of equipment in 2015, and early 2016, as waste removal activity decreases.

The open pit waste to ore strip ratio for the year was 3.1:1 compared with 4.7:1 in 2014; a significant reduction and a trend that will continue through to the end of open pit mining in 2018.

The Malu Underground mine was commissioned in July 2015, when the two underground mines of Ankata and Malu were integrated into a single mine. The integration has delivered efficiencies through the improved coordination of development and production activities.

The underground mine produced 1.9 million tonnes of high-grade copper ore during the year, an increase of 36 percent compared to 2014 as the second area of mining was commissioned during the year. The underground mine reached an annualised run-rate of 2.2 Mt per year in the last quarter. The mine plan for the underground has been optimised to deliver higher grades of ore sooner.

A number of changes were made to the processing philosophy during 2015 that enabled the production of customised copper concentrates and expansion of the customer base. The processing plant performed at its highest efficiency rate with sustained high recoveries of 89 percent for copper and 72 percent for gold.

Carrapateena

There were a number of successes at the Carrapateena project during 2015. They included:

- identifying within the broad mineralised envelope a high-grade resource of 61 Mt at 2.9 percent CuEq⁽¹⁾
- a hydromet demonstration trial that confirmed copper upgrades of up to 60 percent, with a matched reduction in impurities
- an acceleration of studies resulting in the fast-tracking of project planning for Carrapateena in February 2016.

Following the cessation of exploration drilling at the Khamsin and Fremantle Doctor prospects in early 2015, OZ Minerals embarked on four projects. They included the hydromet demonstration plant, value optimised stand-alone block cave option, the Gawler Craton strategy linking Carrapateena to Prominent Hill via a 250-kilometre rail line, and identification of high-grade ore option with an associated scoping study.

Early in 2016, a 2.8 Mtpa Sub Level Cave (SLC) mine was identified as the preferred option for Carrapateena. This announcement followed the results of a detailed scoping study.

OZ Minerals plans to accelerate planning for the Carrapateena copper-gold project in South Australia adding a projected A\$150 million in average annual cash flow (based on consensus pricing) by 2019. A key focus of the project will be the local community. OZ Minerals is seeking to work in partnership with the Kokatha people, the traditional owners of the land where Carrapateena is located. Discussions have begun with the Kokatha people to jointly develop a plan to maximise the social and economic value for all stakeholders.

For South Australia and OZ Minerals' partners, this project has the potential to bring employment, infrastructure and business opportunities as activity at Carrapateena ramps up from March 2016. It would generate around 400 new jobs in the proposed construction stage, followed by a similar number of operational jobs from 2019 onwards, subject to the Board's final approval of the project.

(1) The information in this report that relates to the high grade resource announcement in October 2015 for Carrapateena is extracted from the report entitled 'Carrapateena Project Mineral Resource explanatory notes as at 25 September 2015' released on 6 October 2015 and is available to view at www.ozminerals.com/operations/resources-reserves.html. The calculation of CuEq is detailed in this ASX release. The Company confirms 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 Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

Exploration

Australian exploration

During 2015, exploration was undertaken at Fremantle Doctor located two kilometres north-east of Carrapateena. The program, comprising three drill holes, was completed at the prospect in early 2015. The project returned broad intersections of copper-gold mineralisation in haematite breccia, confirming the high pedigree of the Carrapateena mineralised district.

The objective of this program was to identify likely additional neighbouring resources to supplement and extend the anticipated mine life of Carrapateena. Further exploration activities were suspended pending the outcome of studies on the future direction of the Carrapateena project.

During 2015, the OZ Minerals exploration group also secured three joint venture (JV) projects:

1. The Mount Woods JV with Minotaur Exploration, which is aimed at exploring for copper resources in the tenements surrounding Prominent Hill. The JV will mainly focus on identification and drilling of IOCG targets.

2. The Yandal One JV with Toro Energy which will focus on exploration for nickel sulphide mineralisation in Western Australia, where shallow drilling by previous explorers intersected ore-grade nickel within 60 kilometres of the Mount Keith mine.

3. The Eloise JV with Minotaur Exploration will look for Cannington style lead/zinc/silver mineralisation in the highly prospective Eastern Succession of the Mount Isa block.

OZ Minerals expects to drill test targets at all three projects in 2016.



Global exploration

Jamaica: Bellas Gate Project (Potential earn-in to 80 percent)

A drilling program of 28 drill holes for 7,064 metres was completed at Bellas Gate during 2015, in the search for porphyry copper-gold deposits similar to Northparkes and Cadia-Ridgeway in Australia. Further copper-gold mineralisation was intersected at the Connors Prospect and broad intervals of chalcopyrite mineralisation were also intersected at the Hendley and Geo Hill Prospects. Field mapping and geochemical surface sampling identified new targets at Lucky Valley and Provost Prospects, where further work is planned for 2016.

By the end of 2015, OZ Minerals was near to satisfying exploration expenditures on Bellas Gate required to fulfil Phase 4 of the Farm-In JV and earn a 70 percent interest in the project.

Jamaica: Above Rocks Project (Potential earn-in to 80 percent)

In December 2015, OZ Minerals initiated a second JV with Carube Resources Corp. on the Above Rocks tenements, covering an area totalling 104 square kilometres in central-east Jamaica. Field work commenced in late 2015 and focused on several targets which show outcropping copper mineralisation. Further work, including geochemical sampling, geophysics, and drilling is planned for 2016.

Canada: Col Later Project

A drilling program targeting porphyry copper-gold mineralisation at the Col Later Project intersected gold mineralisation without significant copper. OZ Minerals has withdrawn from the JV.

Strategy



A priority of the new Managing Director & CEO was to launch a company-wide strategic review, which concluded in April 2015. The motivation for developing a new business strategy was to ensure OZ Minerals leveraged the assets held; recognised market conditions of the day; and ensured it discerned itself from other companies around the world.

As a modern mining company, it was imperative that OZ Minerals' employees developed a connection to the strategic components and felt passionate and confident about where it would take the Company in the future. It was also necessary to cultivate a culture able to endure the cyclical challenges and volatility of the mining industry. The strategy was implemented across the Company in mid-2015 following strategic planning workshops and comprehensive analysis. The decision was made to operate as a leaner business with a foundation built on copper, with base metals and gold opportunistically pursued.

Decisive action was needed to ensure OZ Minerals not only survived, but thrived. The Company sought to identify key operational strengths to form the basis of a strategy that could be enacted immediately but remain relevant and sustainable in the future. One of the first decisions was to relocate the corporate office to Adelaide, which is now complete. To increase efficiencies and make savings, it was considered necessary to reconfigure and reduce the size of the workforce. Shortly after this transition the new OZ Minerals business strategy was launched.

It encompassed operating a lean business; ensuring it remained fit-for-purpose and demonstrated an agile and flexible approach to opportunities. OZ Minerals would also build and maintain a valuable portfolio of multiple assets on the condition they generated value accretive cash flow and risks were assessed and deemed manageable. The Company would continue to maintain a copper core with a strong customer focus to ensure OZ Minerals remained the preferred supplier of mineral products around the world. These would be complemented by foundation elements including strong values, capital discipline and safety across the entire business.

At the heart of it all lay value creation. This would extend to the entire Company, OZ Minerals staff, the wider community, shareholders, stakeholders, traditional owners and the industry, each with its own criteria of how value is defined. Much has been achieved in line with the Company strategy to-date.

OZ Minerals' pursuit of a safe workplace for all employees continued this year. There was a renewed focus, in line with the strategy, with a Site Safety Acceleration Program being progressed on site that contributed to a 35 percent reduction in the total recordable injury frequency rate. Critical risk management, risk and hazard awareness, as well as leadership intent were all targeted in the campaign.

This focus on exceptional operational performance, unrivalled asset quality, investment in the right projects and diversification will create long-term value throughout the cycle and deliver superior returns to shareholders.

Whilst 2015 was noted as a 'year of transformation,' the new OZ Minerals strategy is still in its infancy. The changes made and opportunities being progressed are just the start of a long-term, company-wide transformation, that will see OZ Minerals grow and prosper well into the future.

Governance



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OZ Minerals strives to be a global market leader, supported by a governance model that creates value for stakeholders.



Cash balance
\$552.5m
—
at 31 December
2015

Governance

OZ Minerals' approach to corporate governance is to have a set of values and behaviours that ensure transparency, fair dealing and protect stakeholder interests. Company values encompass Respect, Integrity, Action and Results and all employees are expected to act in accordance with these values.

During 2015, a new set of Company policies were developed, with Board approval received in February 2016. These policies set the intent across the business and highlight what is important at OZ Minerals. All policies apply to employees and contractors.

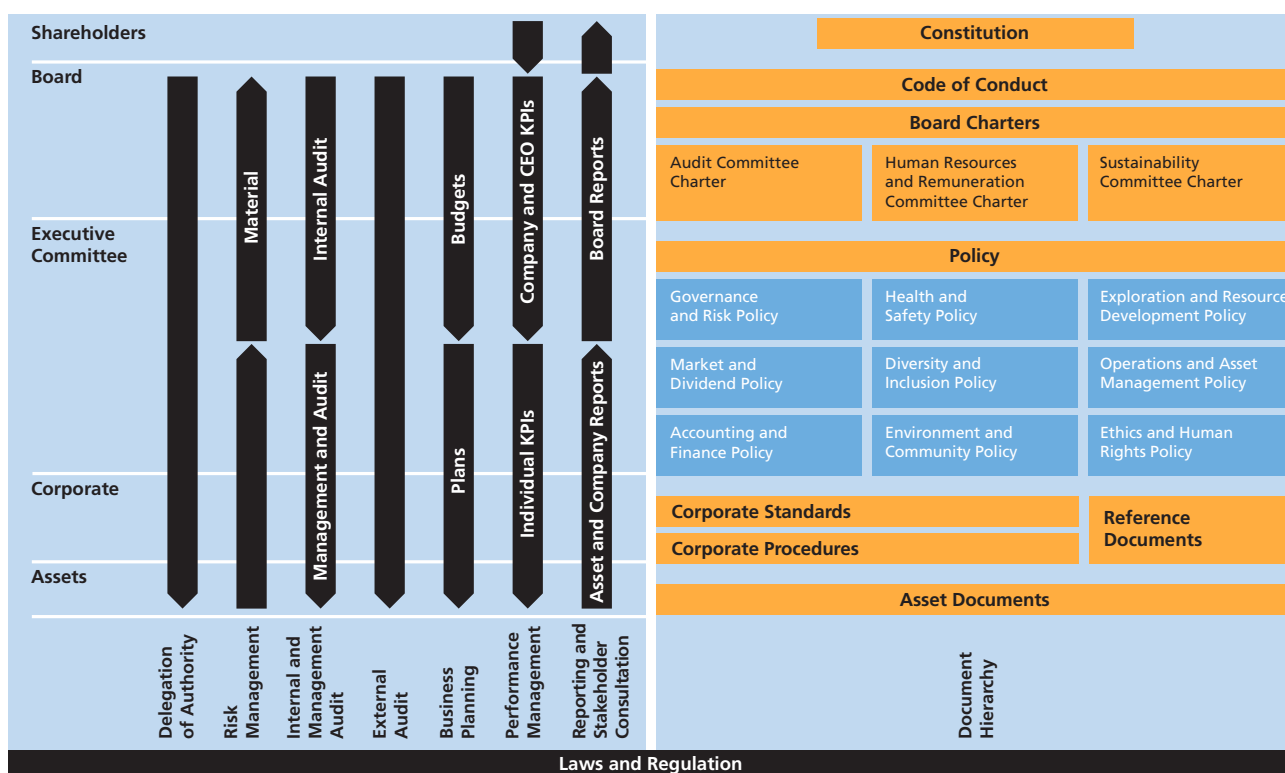
All components of the governance model are important in ensuring the operation remains lean and enables effective delivery of the Company strategy. The policies have been condensed significantly, while enhancing readability and clarity. They all now align to propagate a culture that ensures consideration is given to safety, health, environment and the community and that sustainability aspects are considered when making decisions.

During 2016, all internal documents will be subject to review in line with the new governance model and lean business strategy. New policies align with relevant legislation, and relevant documents will be available on the website as they are completed. The new policies are:

- Governance and Risk Policy (2016)
- Finance and Accounting Policy (2016)
- Market and Dividend Policy (2016)
- Environment and Community Policy (2016)
- Health and Safety Policy (2016)
- Diversity and Inclusion Policy (2016)
- Operations and Asset Management Policy (2016)
- Exploration and Resource Development Policy (2016)
- Ethics and Human Rights (2016)

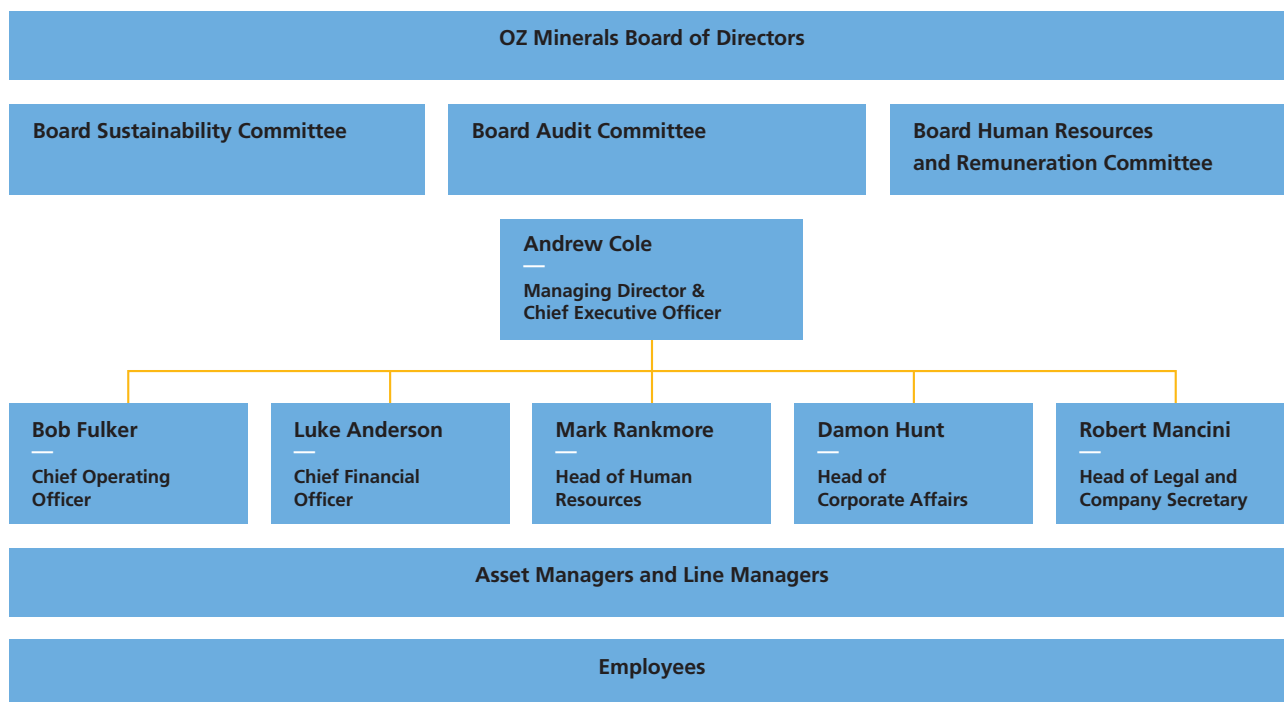
The policies are further supported by a series of standards and procedures for appropriate ethical and professional behaviour for all directors, employees and contractors working at OZ Minerals. For more information, please refer to our Corporate Governance Statement on our website.

OZ Minerals Governance model



Governance continued

Management structure



as at February 2016

Strategic approach to sustainability

Responsibility for a strategic approach to sustainability lies with the OZ Minerals Board. The Board is committed to following the corporate governance principles and recommendations set out by the ASX Corporate Governance Council. The OZ Minerals Board currently comprises six Directors, following the departure of Brian Jamieson who retired from the Board during 2015. Aside from the Managing Director & CEO, all Directors are independent non-executive Directors. Profiles of each Director, including their skills, experience, relevant expertise and special responsibilities are detailed in the 2015 Annual Report and summarised on the OZ Minerals website. To facilitate the execution of its responsibilities, the Board's Committees provide a forum for further analysis of key issues. The three committees are the Sustainability Committee, Audit Committee and Human Resources and Remuneration Committee.

The Sustainability Committee is governed by the Sustainability Committee Charter which sets the role, duties, structure and processes of the Committee. The Committee's role is to assist the Board in the effective oversight of its responsibilities in relation to safety, health, environment and the community, as well as manage risks relative to these issues. Sustainability related initiatives, performance against key performance indicators and issues related to operations and stakeholders are raised with the Sustainability Committee through quarterly meetings.

Responsibility for OZ Minerals' business processes and sustainability performance lies with the Managing Director & CEO, supported by the Executive Committee (ExCo). The Managing Director & CEO's performance is measured against key performance indicators relating to financial, operational, investment in growth and sustainability performance. These form the basis for remuneration and short-term incentives. These key

performance indicators extend to all direct reports. Sustainability metrics are included in Company key performance indicators, which form 50 percent of employee short-term incentives.

All OZ Minerals' employees are accountable for upholding Company values, maintaining strong governance, as well as economic and sustainability performance within their areas of responsibility.

The Audit Committee reviews and assesses the adequacy of OZ Minerals' internal control and financial management systems, accounting and business policies. The Audit Committee is given further assurance with respect to OZ Minerals' financial management systems through an internal audit function. OZ Minerals conducts regular audits to systematically and objectively verify compliance with our standards and legal requirements, as well as provide recommendations to improve our sustainability performance.

Managing risks

The objective of OZ Minerals' Governance and Risk Policy is to ensure ethical, fit-for-purpose business processes are used to meet the highest corporate governance standards and identify threats and opportunities using robust processes.

The Company's risk management process is aligned to the ISO Standard 31000 for risk management and a common methodology to identify, assess, evaluate, treat, monitor and communicate risks across the business is used. Each asset maintains a risk register and the Executive Committee reviews material risks every quarter, including the status of action items to mitigate the material risks. The Sustainability Committee monitors OZ Minerals' non-financial risks, excluding enterprise risk, which is the responsibility of the full Board, as they relate to safety, health, environment and community.

The Company's approach is to embed risk management into all business systems, mining operations and exploration activities. Risks are ranked with both pre-mitigating and post mitigating controls. These reflect the likelihood of consequences that could arise from risks, including metrics for safety and health, environment, community and government, reputation, financial, production, organisational effectiveness, compliance and project management.

De-risking initiatives were undertaken during 2015 on the movement in the pit wall of the Malu open pit at Prominent Hill. Specific activities included review of hydrology information and installation of draining in the southern areas of the open pit. As a result of the efforts during 2015, we are seeing less movement in the wall and the operation continues to further mitigate the risk factors associated with wall instability.



Operating and economic performance

OZ Minerals recorded a strong financial performance in 2015 underscored by Prominent Hill operations, as well as cost reduction measures from continued cost control strategies, a favourable exchange rate and efficiencies. Net profit for the year of \$130.2 million compared with net profit of \$48.5 million in the previous year, reflected a period of peak production performance at Prominent Hill.

The operation performed strongly throughout 2015, with efficiencies in the open pit delivering higher than scheduled material movement and copper production. The underground mine continued with ore production from stopes achieved as expected.

Higher production has been successfully converted into higher sales, leading to a 29 percent increase in revenue, despite lower US dollar prices for copper and gold (partially offset by the depreciation of the Australian dollar). This has been the main contributor to OZ Minerals' return to profit, with Net Profit After Tax of \$48.5 million.

Value generated and distributed for year ended 31 December 2015 (for continuing operations). All amounts in A\$ millions

Region	Revenues	Operations	Employees	Payments to providers of capital		Payments to government		Community investment	Economic value retained
	Revenue, other income and financing income A\$m ^(b)	Operating expenses A\$m ^(c)	Employee benefit expenses A\$m ^(d)	Shareholders A\$m ^(e)	Providers of funds A\$m ^(f)	Income taxes paid A\$m ^(g)	Royalties A\$m ^(h)	Community investments A\$m ⁽ⁱ⁾	
South Australia ^(a)	892.4	(280.0)	(55.5)		(3.3)	(61.9)	(47.9)	0.3	1,340.7
Victoria ^(a)		(7.2)	(8.4)	18.2	(1.4)	2.5		0	(3.7)
Total Australia	892.4	(287.2)	(63.9)	18.2	(4.7)	(59.5)	(47.9)	0.3	1,337.0
Total Overseas	0.5	(14.8)	0	0	0	0	0	0	15.3
Total Group	892.8	(301.9)	(63.9)	18.2	(4.7)	(59.5)	(47.9)	0.3	1,352.2

Notes:

- (a) Amounts are divided into the regions identified below based on where the segment is located (i.e. Prominent Hill is located in South Australia). The regions include the following entities:
South Australia: Corporate Office post 30 June 2015, Prominent Hill Mine, Carrapateena; Victoria: Corporate Office pre 30 June 2015; Overseas: Jamaica.
The entities located outside Australia are not defined as operating segments of OZ Minerals.
- (b) Revenue includes sales adjusted for discounts, treatment charges, refining and distribution costs, other income and financing income as disclosed in the income statement in the OZ Minerals audited financial statements for the year ended 31 December 2015, as reconciled.
- (c) Operating expenses include changes in inventories, raw materials, consumables and other direct costs, contracting and consulting expenses, freight expenses and other expenses as disclosed in the income statement of the OZ Minerals audited financial statements for the year ended 31 December 2015.
- (d) Employee benefit expenses of \$63.9 million are as per the consolidated income statement of the OZ Minerals audited financial statements for the year ended 31 December 2015.
- (e) Payments to shareholders relates to dividend payments.
- (f) Payments to providers of funds relates to financing expenses of \$4.7 million as per the income statement in the OZ Minerals audited financial statements for the year ended 31 December 2015.
- (g) All organisation taxes (such as corporate, income, property) and related penalties paid at the international, national, and local levels. This figure does not include deferred taxes. Report the definition of segmentation used.
- (h) Royalty expenses of \$47.9 million as per the income statement in the OZ Minerals audited financial statements for the year ended 31 December 2015.
- (i) Community investments of \$304,766 includes voluntary contributions, sponsorships, donations, education and training.

	A\$m
Revenue	879
Other income	6
Financing income	8
Total	893

	A\$m
Changes in inventories	80
Raw materials	(259)
Exploration and evaluation	(39)
Freight expenses	(54)
Net foreign exchange gain (losses)	33
Other expenses ⁽¹⁾	(62)
Total	(302)

(1) Other expenses are made up of restructuring costs, inter segment income/expense and other operating expenses such as general administration.

Socioeconomic contributions

OZ Minerals understands the importance of generating economic value for shareholders, customers, employees, government, suppliers and communities. Disciplined financial management and control systems, together with a focus on creating value are essential for long-term success.

The Company seeks to create sustainable benefits for the local region, which is defined as areas close to the operation where employees and suppliers may be sourced. OZ Minerals makes significant contributions to local, regional and national economies directly through the payment of taxes and royalties to governments, as well as payments to the workforce and suppliers.

Our operations preferentially purchase goods and services locally wherever feasible. We employ 1,423 people and many more through our supply chain. In 2015, OZ Minerals paid over \$63 million in wages and benefits and spent \$734 million on goods and services. OZ Minerals contributed approximately \$48 million in royalties to the Government of South Australia. During the 2015 reporting period, activities at Prominent Hill and Carrapateena made significant contributions to local and regional economies, totalling \$160.5 million to South Australian providers.

The direct benefits from investments made by OZ Minerals include improvements in infrastructure, health, safety awareness, education and training as well as local business development. Operationally, significant value is generated through indirect employment and investments in community development initiatives and programs. For information on community support, please see the community engagement section of this report.

Contractor management

All contractors are subject to a pre-qualification process. Contractors may be comprehensively evaluated against criteria including safety, health, environment and community aspects as well risk management, internal auditing processes and employee management. Contractors may also be assessed on their processes when evaluating potential third party contract services. There is minimum performance criteria (safety and environment) applied to contractors, plus performance criteria (including operating performance and site management) developed and applied to each contract. On-site contractors must have an OZ Minerals representative managing their contract. This provides a direct opportunity to maintain ongoing engagement with respect to sustainable management.

Major contractors have requirements in their agreements consistent with the OZ Minerals Code of Conduct, Company policies and standards. Contractors are required to complete site inductions to develop a clear understanding of the requirements of working for the business. All high-value, high-risk contractors are required to submit a safety, health, environment and community management plan that outlines the operational controls in place to manage significant risks. All contractors must adhere to OZ Minerals values and exhibit behaviour that ensures the safety of the workforce.



Customers and concentrate transport

Concentrates produced at Prominent Hill are transported by road to a rail siding. Concentrate is then transported to customers in Australia by road or railed to Port Adelaide where it is shipped to customers in Asia and Europe. OZ Minerals is committed to ensuring it provides a guaranteed supply of a reliable and superior product on time to customers. Customising concentrate parcels that fulfil ever-changing expectations and requirements is essential and is reflected in the OZ Minerals strategy.

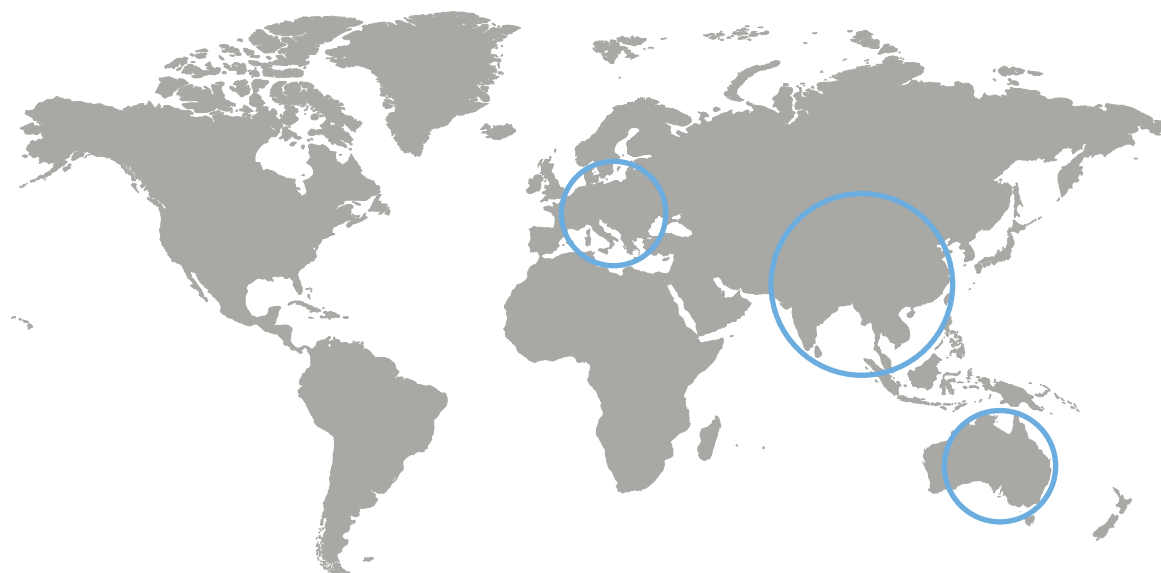
All sale contracts for OZ Minerals' products contain pre-agreed specification ranges. Monitoring

and testing regimes are maintained to ensure adherence to all contractual commitments. The consultation and contract process assists in preventing issues in downstream smelting or refining of OZ Minerals' products. All customers and transport providers are supplied with a material safety data sheet that describes handling requirements associated with the product.

OZ Minerals uses specially designed containers to transport copper concentrate from Prominent Hill to Port Adelaide to minimise/eliminate losses through dust and other means. The containers are offloaded using

the rotainer system. By rotating the container, the concentrate is released directly into the hold of the ship. This system enables OZ Minerals to bypass a concentrates shed and traditional loading facilities, maintaining a high environmental standard for storage and loading. There were no reported incidents of non-compliance with regulations or voluntary codes related to safety or health impacts of products, information and labelling, customer privacy breaches, loss of customer data or marketing communications during the reporting period.

We export to many countries worldwide. Our main customers are from Asia and Europe



Case Study

Results of hydrometallurgical trial process



OZ Minerals has joined forces with the Government of South Australia, the University of Adelaide, Orway Mineral Consultants and several other international research and technology providers to conduct a research project aimed at increasing copper-in-concentrate levels via a hydrometallurgical process. The \$18 million partnership has produced some excellent first results following 19 weeks of trial operation.

The hydrometallurgical process (hydromet) was successfully progressed to demonstration plant scale. Approximately 150 tonnes of copper concentrate from Prominent Hill was treated in two separate parcels of differing mineralogical quality. The first parcel achieved an upgrade to 53–55 percent copper, while the second parcel was upgraded to 58–60 percent copper.

In both cases, concentrate impurities were reduced to well below penalisable levels. 'Hydromet' combines new chemistry with existing, proven technology. The trial exceeded expectations and produced results that demonstrated significant potential for the future of the South Australian copper industry and beyond. If and when the technology is applied commercially, it would also significantly reduce export costs, along with the carbon footprint.

At a time when the market is seeing declining copper grades and increasing impurities, a high-quality concentrate such as the OZ Minerals concentrate, following the introduction of the hydromet, is almost certain to be in demand by customers around the world. The results will be analysed during 2016 with a view to updating designs, cost estimates and integrating the findings into the future planning of Carrapateena.

Local procurement

OZ Minerals supports economic development in the surrounding communities in which it operates. The Company seeks to preferentially purchase goods and services locally, within the region or within the state. National or international procurement is only considered when local procurement is not available or is not competitive. Local businesses are assisted through pre-qualification processes and the Company's procurement standards, which outline a consistent approach to procuring goods and services.

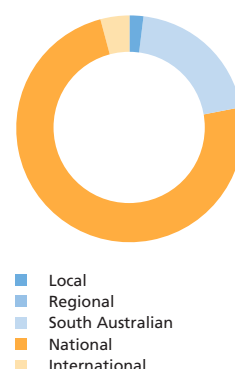
During the 2015 reporting period, activities at Prominent Hill and Carrapateena made significant contributions to local and regional economies with \$160.5 million dedicated to South Australian suppliers and contractors. A total of approximately \$13.4 million was spent on goods and services, with a further \$3.3 million spent in the Upper Spencer Gulf region.

These figures do not include wages and salaries paid to major contractors or expenditure by contractors in the local region.

The greatest supply impact is through the contracting of mining and other services. Largest material inputs include diesel fuel, explosives, grinding media used in the processing plant and cement used in the underground mine. These materials are sourced from large, reputable organisations with operations in Australia.

Goods and services spent (A\$) on local, regional, state/provincial, national and international suppliers is shown in the image below.

Total spent A\$ on suppliers



Suppliers	Total spent (A\$)
Local (Coober Pedy and Port Augusta)	13,382,060
Regional (Upper Spencer Gulf region)	3,306,969
South Australian	143,793,918
National	541,143,679
International	32,570,701
Total	734,197,327

These figures do not include wages and salaries paid to our major contractors or expenditure by our contractors, such as our catering contractor who predominantly sources food from South Australia.

Compliance

OZ Minerals regards compliance with all relevant regulations and legislation as the minimum performance standard for all operations and activities. No fines or non-monetary sanctions were imposed during the reporting period.

OZ Minerals uses a range of processes to effectively manage tenements and land holdings across the organisation. Tenement management is a core part of all operations and exploration activities at OZ Minerals whether in Australia or overseas. OZ Minerals holds exploration licences (ELs), extractive mineral licences (EMLs), miscellaneous purpose licences (MPLs), a retention lease (RL) and a mining lease (ML). The conditions of tenements including compliance requirements, reporting, royalty payments and/or operating conditions have all been achieved and there are no reports of major non-compliance. The on-ground disturbance and rehabilitation activities are covered in the Environmental Compliance section of this report.

Land management	Tenements (ha)
Prominent Hill	11,401
Carrapateena	11,633
Exploration Australia	774,300
Exploration Overseas	41,270
Total	838,604

AFP investigation – The Australian Federal Police (AFP) advised OZ Minerals on 4 February 2016 that the scope of its investigation, initiated in September 2014 and relating to OZ Minerals' 2009 acquisition of the remaining equity holding in the Okvau exploration joint venture in Cambodia, had been extended to cover OZ Minerals' former Cambodian operations generally. OZ Minerals is cooperating with the AFP in its investigation and the investigation is continuing.

Class action – OZ Minerals is the respondent in representative proceedings commenced on 25 February 2014 in the Federal Court of Australia by former Zinifex Limited (Zinifex) shareholders who were Zinifex shareholders on 1 July 2008 and acquired shares in OZ Minerals

on 1 July 2008 as a result of the merger between Oxiana Limited (Oxiana) and Zinifex and who have not settled the claims the subject of the class action with OZ Minerals previously. The applicant's statement of claim alleges that OZ Minerals breached its continuous disclosure obligations and engaged in misleading or deceptive conduct and/or made false or misleading statements as a result of which the applicant and other Zinifex shareholders who obtained OZ Minerals shares at the time of the merger with Oxiana suffered loss and damage. OZ Minerals is vigorously defending these proceedings. Even if liability is found to exist, it is possible that OZ Minerals may be able to reduce its liability and/or transfer some of its liability to third parties via claims for contribution and apportionment defences. Cross claims have been filed against third parties, including certain current and former directors and officers of Oxiana and Zinifex and advisers to these entities. Mediation in the class action proceedings is expected to occur in early March 2016 and the trial is scheduled to commence on 1 June 2016.

Social



In this section

- / Safety and health
- / Workforce profile and diversity
- / Community engagement
- / Cultural heritage and traditional rights
- / Ethics and Human Rights

\$160m

—
spent on
South Australian
providers in 2015



—
**OZ Minerals believes relationships
built on trust and respect
benefit everyone.**



Safety and health

The objective of the OZ Minerals Health and Safety Policy is to be an injury and occupational disease-free workplace whilst achieving operational excellence. A foundation element of the Company strategy is safety and underpins activities across the business. OZ Minerals believes it is unacceptable for people to be hurt in the course of their duties.

While at work, employees and contractors must take reasonable care of their own health and safety. They must ensure their behaviour or oversights do not adversely affect the health and safety of others. They must comply with any reasonable instruction from the OZ Minerals management team to ensure, as a minimum requirement, employees and the business fulfil relevant health and safety legislation and regulations.

Active engagement from senior leadership teams, combined with activities focused on identifying and eliminating causes of incidents, has delivered significant success. It has resulted in a sustained reduction in the number of recordable workplace injuries.

Safety statistics are reported for the entire workforce, including employees, contractors and visitors working on Company sites. Statistics are calculated per one million working hours. The total recordable injury frequency rate ('TRIFR') per million hours worked decreased by 35 percent to 5.30 at the end of 2015 (full year 2014: 8.18). The lost time injury frequency rate ('LTIFR') per million hours worked also decreased to 0.99 from 2.46 in 2014. There were no permanent or serious disabling injuries in 2015.

Safety and health performance

Employee fatalities	0
Contractor fatalities	0
TRIFR (employees and contractors)	5.30
LTIFR (employees and contractors)	0.99
Significant safety incidents ⁽¹⁾	61

(1) As defined by OZ Minerals internal classification.

OZ Minerals' Executive Committee together with senior management, are responsible for the implementation of the safety strategy. Health and safety are key performance indicators for OZ Minerals. More broadly, there is a continued emphasis on developing a strong safety culture and employing proactive initiatives wherever possible. The remuneration of the Managing Director and Executive Committee is linked to safety performance. Safety data is reported weekly to management, including the CEO. Internal audits against select Company processes and standards are conducted on an annual basis.

OZ Minerals operates in partnership with contractors and is building a shared safety culture between employees and contractors working on site. Prominent Hill completed the Site Safety Acceleration Program during the year, which identified three focus areas: leadership intent; critical risk management; and a focus on increasing hazard identification and control effectiveness in the workplace. This process will continue throughout 2016. As part of this, a weekly safety leadership forum has been established. It is designed to provide a platform for communicating leadership intent and expectations amongst all site leaders. Other focus areas include mental health awareness, health and wellbeing programs and increasing emergency response capabilities.

In 2015, health and safety programs were enhanced to improve safety performance. A focus on identifying and analysing incidents with potential for serious consequences, identifying root causes and putting in place effective controls to prevent or mitigate events has increased the number of incidents being self-reported. It has also improved the safety and reporting culture. Employees and contractors are empowered to cease operations, if necessary, to ensure the safety of the workforce. Lead indicators are monitored to reduce workplace hazards and injuries. Incidents with potential or actual consequences are internally rated level one to five, assessing the impact on safety, health, environment, community and financial metrics. This classification enables identification of significant incidents that warrant an in-depth review and analysis.

Significant incidents are those deemed to have potential or actual consequences rated as level three or above. Potential and actual significant safety incidents are thoroughly investigated using the incident-cause-analysis method. Incidents are comprehensively reviewed by the Sustainability Committee of the Board and others, to ensure lessons are learnt and additional controls implemented where necessary.



Case Study

Site Safety Acceleration Program

OZ Minerals' Site Safety Acceleration Program (SSAP) was designed to drive continuous safety performance improvement through cultural change. It was rolled out across the Prominent Hill mine site and included participation from contract partners.

The program returned a strong participation rate for field work, as well as work stream workshops. Three work streams were borne from a combination of job observations, focus groups, workshops and interviews.

Focus areas for improvement were established which included leadership intent, critical risk management as well as risk and hazard awareness. All work groups across site are exposed to and educated on the SSAP. Continued implementation of the second phase of the 2016 SSAP model is currently underway.

Workforce profile and diversity

The objective of the OZ Minerals Diversity and Inclusion Policy is to foster a culture that values individual differences, which are leveraged to deliver optimal outcomes. The Company believes fostering a diverse workforce results in a better workplace for employees and leads to a better organisation overall. Internal targets have been developed to increase gender diversity across the Company.

At the end of 2015 the workforce, including contractors, stood at approximately 1,423. OZ Minerals directly employs 307 people and 90 percent of our workforce lives in South Australia. In February 2015, OZ Minerals announced it would relocate its head office from Melbourne to Adelaide. The transition of the corporate office was completed by July 2015.

Women comprise approximately 24 percent of the workforce directly employed by OZ Minerals. Some individual contributors and functional leadership have more than 20 percent female representation.

OZ Minerals offers competitive remuneration for employees, reflective of the type of job, years of experience and the length of time employees have held the position. Earnings are reviewed annually by gender and job band level to provide assurance that employees' remuneration remains equitable and in line with market trends. All employees are entitled to parental leave. In 2015, seven female employees took parental leave and returned to work after the parental leave ended. A retention rate of 15 percent was maintained after 12 months. With regards to labour relations, 32.25 percent of the total workforce is covered by collective bargaining agreements which were successfully renegotiated during 2015.

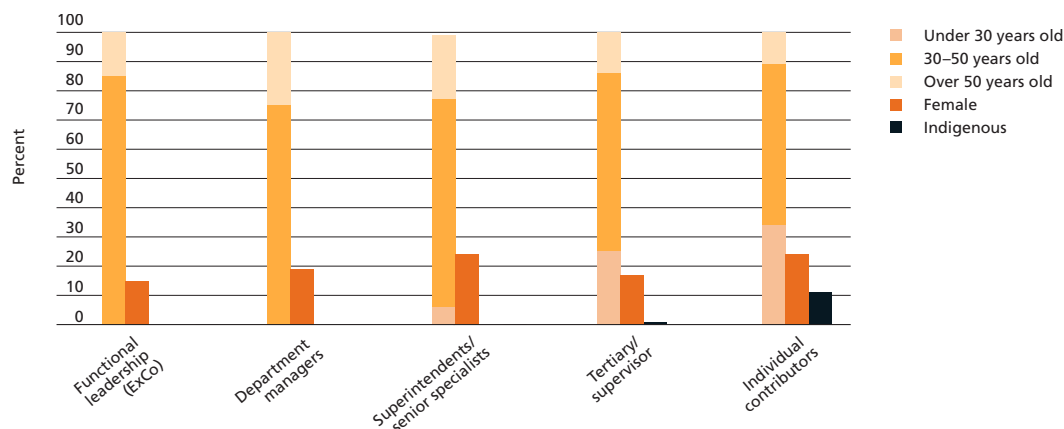
Employee assistance program

OZ Minerals offers an employee assistance program (EAP) for professional, confidential counselling to all employees and contractors and their immediate family members, at no cost. The EAP is provided through a leading global health and wellness company and can help address work and/or personal issues through a network of accredited counsellors.

STOPline

OZ Minerals has appointed STOPline as the disclosure line for concerns relating to unacceptable conduct. STOPline ensures best practice and the highest level of independence, as well as impartiality and confidentiality in the receipt and management of concerns relating to unacceptable conduct. STOPline offers a simple and highly confidential solution to the difficult issues of ethics, compliance, risk management and corporate governance.

Employee diversity at OZ Minerals



Case Study

Mental health initiative

A Mental Health Survey across the Prominent Hill operation was completed in conjunction with The University of Newcastle as part of a Mineral Council Australia program. Supervisor and Front Line Leader training was completed for 86 personnel across site along with general awareness sessions.

They provided background on mental health and mental illness and equipped supervisors and leaders with key points to identify mental health problems, how to initiate a conversation and where individuals can seek professional advice.



Workforce profile and diversity continued

Workforce	Full time		Part time		Fixed term		Casual		Total Employees	Contractors			Total Workforce
	Male	Female	Male	Female	Male	Female	Male	Female		Male	Female	Total	
South Australia	215	46	0	6	5	4	2	2	280	989	127	1,116	1,396
Victoria	6	2	0	2	0	1	7	4	22	0	0	0	22
Jamaica	5	0	0	0	0	0	0	0	5	0	0	0	5
Total	226	48	0	8	5	5	9	6	307	989	127	1,116	1,423

New employees 2015	Age group <30		Age group 30–50		Age group >50		Total Employees %
	Male %	Female %	Male %	Female %	Male %	Female %	
South Australia	26	14	50	6	4	0	100
Victoria	0	0	0	0	0	0	0
Jamaica	0	0	0	0	0	0	0

Turnover 2015	Age group <30		Age group 30–50		Age group >50		Total Employees %
	Male %	Female %	Male %	Female %	Male %	Female %	
South Australia	20	24	16	17	26	17	22
Victoria	17	38	67	25	60	88	56
Jamaica	0	0	0	0	0	0	0
Total	20	27	20	21	30	50	27



Case Study

Women in resources

OZ Minerals is a strong advocate for gender diversity in the resources sector and fully supports the vision, purpose and values of the Women in Resources SA Committee (WinRSA). As a major sponsor, OZ Minerals provides funding and guidance to support the strategic objectives of the committee and actively promotes and encourages employees and contractors to participate in WinRSA initiatives. In addition, a Company representative is appointed to the committee to provide leadership and drive the activities of the committee. In 2015, the OZ Minerals representative was elected to the position of chairperson.

OZ Minerals sponsored the inaugural SACOME WinRSA State Awards Program, which saw two OZ Minerals employees as finalists in the categories of Outstanding South Australian tradeswoman, operator or technician and Exceptional Young Woman in South Australia, respectively. OZ Minerals was also a finalist in the category of Excellence in diversity programs and performance. In 2015, three members of the OZ Minerals' Executive Leadership Team volunteered their skills and experience as part of the first WinRSA and Women in Mining Network South Australia (WIMnet) joint mentoring program. OZ Minerals has sponsored three female employees to participate as mentees, where they will receive six months of mentoring to support their personal and professional development.



Community engagement

The objective of the Environment and Community Policy is to ensure OZ Minerals delivers sound environmental outcomes whilst supporting the creation of shared value for the communities in which we operate.

OZ Minerals seeks to create opportunities for local communities to generate real value from activities. Community engagement programs target areas close to OZ Minerals operations. Prominent Hill has an extensive engagement program. In a remote area, the closest town to Prominent Hill is Coober Pedy, located approximately 130 kilometres away.

Regular meetings are held with local community members in Coober Pedy and surrounding areas to discuss activities and community requirements. The stakeholder engagement summary section of this report outlines methods used to engage key community stakeholders as well as addressing their primary interests and concerns.

OZ Minerals is a member of the Coober Pedy Industry Alliance, a representative group of local mining companies and the local council. The alliance allows for a collaborative strategic approach to supporting the local community in a sustainable way through common goals and objectives. OZ Minerals invests in the community through sponsorships, in-kind donations and direct participation by employees. Our preference is to support locally organised initiatives that provide long-term benefits to host communities and are aligned with the wishes of these groups. Sponsorship guidelines, available on the OZ Minerals website, outline the approach to investing in community development.

OZ Minerals contributed to a broad range of local and regional programs in 2015, including the sponsorships of the Coober Pedy Area School year 11 and 12 graduates, the Great Breakaways Marathon, regional gymkhanas and rodeos. In addition to funding, OZ Minerals staff and contract partners provide in-kind assistance through the donation of time, expertise and resources for community events and initiatives such as bringing university students to Prominent Hill.

OZ Minerals is proud to have provided continued support to the Royal Flying Doctors Service, the Remote and Isolated Children's Exercise, and the Copper Sculpture Award and copper workshop as part of the South Australian Living Artists Festival.

Total sponsorship of local organisations and programs for 2015 was \$336,163.

In developing sponsorships and community investment initiatives, OZ Minerals tries to avoid creating dependency; preferring to support organisations or projects achieving self-sustaining outcomes. For community support, initiatives and areas located near our operations and projects are given priority. Other geographic areas may be considered as long as benefits to OZ Minerals' stakeholders can be demonstrated.

Community investment	\$
Health and wellbeing	122,956
Education and sustainable development	68,800
Community	75,907
Industry ⁽¹⁾	68,500
Total	336,163

(1) The community investment category 'Industry' includes sponsorship events and money paid to industry associations to support various events and activities related to the mining industry. Our sponsorship guidelines are available on our website.

Community investment



- Health and wellbeing – 37%
- Education and sustainable development – 20%
- Community – 23%
- Industry – 20%

Cultural heritage and traditional rights

OZ Minerals works in partnership with Aboriginal and Indigenous communities and consults with them regularly about the impacts and opportunities arising from projects. OZ Minerals holds regular meetings with traditional owners of the lands where projects are located. Part of the cultural heritage standards are to ensure that employees and contractors respect local culture and protect the site's heritage, cultural or religious significance. OZ Minerals has a long-term interest in the relationships with local communities where it operates.

OZ Minerals adheres to all relevant legislative Acts and regulations regarding local communities, land and customary rights, including those of Aboriginal people. Pertinent legislation relating to Indigenous rights at OZ Minerals assets in South Australia includes the *Aboriginal Heritage Act 1988 (SA)*, *Pastoral Land Management and Conservation Act 1987*, *Native Title Act 1993* and the *Mining Act 1971 (SA)*. In 2015, there were no incidents or violations involving rights of Aboriginal people. Any disturbances around culturally significant areas are reported internally and significant disturbances, such as unintended land clearances are reported to the relevant authorities. A comprehensive understanding of the culture(s) and social structure(s) of impacted communities is required to ensure respectful, inclusive and effective engagement. Each project has dedicated personnel to ensure regular liaison with Aboriginal and Indigenous communities.

Prominent Hill is located on the traditional lands of the Antakirinja Aboriginal community. The Antakirinja Matu-Yankunytjatjara (AM-Y) received determination in 2011 recognising native title rights and interests. The AM-Y Aboriginal Corporation (AMYAC) perpetual trust fund has been established to assist the sustainable use of production payments as agreed under the Prominent Hill Part 9B Mining Agreement. The trust includes an advisory council made up of representatives from the Antakirinja traditional owners. Production payments from Prominent Hill are paid into the fund and distributed to the community in areas such as education, cultural and community development.

Regular meetings are held with representatives of this group in relation to the OZ Minerals funded Antakirinja Education Scholarship Fund. This fund is ongoing and is opened twice a year to students to assist their studies. Typically, funds are used to purchase books, laptops, uniforms, fees and for other education expenses. This is designed to support future generations of the AMYAC community. The Prominent Hill cross-cultural awareness training programs are offered to all contractors and employees.

OZ Minerals has a Native Title Mining Agreement with the Kokatha people for Carrapateena, including exploration and advanced exploration works. During 2015, the Kokatha people developed a cultural respect training program. It is endorsed and supported by OZ Minerals executive management team and is to be undertaken by all OZ Minerals Carrapateena employees. It includes awareness training on heritage and artefact finds and working in areas of cultural significance. In 2015, further works were undertaken to develop posters to encourage use of traditional names for flora and fauna species with the Kokatha people. This will continue in 2016.

Company assets have mechanisms in place to capture complaints and grievances and address them in a timely manner. OZ Minerals maintains an Incident and Complaint Register as required by the standards for External Stakeholder Engagement and Reporting. OZ Minerals' assets are subject to a process to ensure major communications and consultation activities are monitored and reviewed at least annually to confirm their effectiveness and to promote personnel and external stakeholder feedback.

Case Study

Wiltja graduation

OZ Minerals attended and presented at the Wiltja (meaning 'shelter' in Pitjantjatjara) Aboriginal School graduation. The ceremony celebrated the efforts of nine Wiltja students who completed their year 12 SACE with the support of their family who had travelled down from the Anangu Pitjantjatjara Yankunytjatjara lands (Ernabella, Indulkana, Fregon, Amata, Yalata). Some community members travelled over 2,000 kilometres to attend.

OZ Minerals provided sponsorship for Loretta Macumba (Indulkana) to achieve her Gold Duke of Edinburgh Award. Loretta completed her final Community Service component by travelling to Vietnam with other senior students to construct housing in a remote village.



Ethics and Human Rights

The objective of the Ethics and Human Rights Policy is to help protect the human rights of stakeholders and prevent human rights breaches at OZ Minerals' assets.

OZ Minerals is committed to respecting human rights and the diversity of Aboriginal and Indigenous peoples, as set out in the United Nations Declaration of Human Rights. OZ Minerals acknowledges the interests that Aboriginal and Indigenous peoples have for the land, their history and cultural heritage. Taking action to build, support and strengthen our relationships with communities, business partners and employees is part of what we do. It involves acting responsibly, understanding and managing potential human rights risks.

With changing internal and external expectations, OZ Minerals aims to continually evolve its approach to human rights which is guided by United Nations Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. OZ Minerals adheres to all relevant legislative Acts and regulations regarding local communities, land and customary rights, including those of Aboriginal people. We affirm OZ Minerals' opposition to child labour, referenced in the corresponding International Labour Organisation (ILO) convention.

OZ Minerals' internal governance is guided by international guidelines, such as the UN Guiding Principles on Business and Human Rights, United Nations Universal Declaration on Human Rights, Voluntary Principles on Security and Human Rights (VP), ILO Conventions and International Council on Mining and Metals (ICMM) principles. OZ Minerals' standards for human rights management outlines audit and assessment requirements.

Expectations of OZ Minerals employees are further reinforced through the Code of Conduct. It is expected all assets have a system for recording and investigating security and human rights contraventions. Any identified or reported contravention shall be reported to OZ Minerals within 24 hours. OZ Minerals uses the incident-cause-analysis method for all significant incidents, including breaches of the ethics and human right policy. All findings, learnings and actions are reported across the business until all have been addressed. Significant incidents are reviewed by the Sustainability Committee of the Board.

The standards outlined above apply to international activities where OZ Minerals manages or has significant influence. OZ Minerals does not invest in opportunities where there is a belief that the Company's standards cannot be met.

OZ Minerals periodically provides training to employees on topics covered within the Human Rights Standards. OZ Minerals employees enrol in online learning courses that include OZ Minerals' equal employment opportunity program, ethics and conduct program, as well as an anti-harassment and bullying program. Each program includes awareness training based on site-specific needs.



Environmental

Annual water
return increased to
13.4%
—
from 6.9%
in 2014



In this section

- / Environmental compliance
- / Energy consumption and emissions
- / Water management
- / Waste management
- / Land and biodiversity
- / Disturbance, rehabilitation and closure planning



—
OZ Minerals' Environment and Community Policy seeks to deliver sound environmental outcomes whilst creating shared value for communities. As a modern mining company, we aim to maximise the efficient use of natural resources as part of business improvement processes.



Environmental compliance



As part of environmental management, OZ Minerals' activities are governed by conditions detailed in mining approvals, lease conditions and licences set out by regulatory authorities. OZ Minerals engages with regulatory bodies, government agencies, communities and land owners during the environmental approval and permitting process to ensure the community and government have actively participated and understand the environmental, social and economic implications of the project.

All environmental incidents and near misses are reported through an incident reporting system. Investigations are undertaken to determine the cause in order to eliminate the potential for failures and apply effective company-wide controls. Significant environmental incidents are defined as incidents within OZ Minerals' operational control that has resulted in, or has the potential to cause a moderate environmental impact at the very least. This year, there were no significant environmental incidents, spills or discharges.

OZ Minerals' environmental programs are carried out in accordance with legislative requirements and internal management framework. Compliance with the framework is audited at a group and site level.

Environmental compliance	
Number of significant spills	0
Total volume of significant spills (m ³)	0
Monetary value of significant fines (\$A)	0

Case Study

Streamlining mining and rehabilitation program

OZ Minerals undertook a significant body of work to combine Prominent Hill's Mining and Rehabilitation Program (MARPs) documentation for all Miscellaneous Purposes Licences (MPLs), Extractive Minerals Leases (EMLs) and the Mining Lease (ML) into one streamlined document in the Government of South Australia's new Program for Environment Protection and Rehabilitation (PEPR) format.

The *Mining Act 1971* (SA) requires OZ Minerals to undertake mining activities in accordance with a PEPR, as approved by the Government of South Australia's Department of State Development (DSD), the principle mining regulator for South Australia. A PEPR is the operational compliance document and is submitted to the regulator before any activity and/or change of activity at the operation. In early 2014 DSD commenced a process to redevelop their Ministerial Determinations and Guidelines around the development of PEPRs, and as part of this process a commitment was made to work with OZ Minerals to consolidate MARP documents (13 approved MARPs and supporting MARP addenda) into a single streamlined PEPR.

Over an 18 month period the project team worked on consolidating the MARPs into a PEPR which included a range of internally and externally facing workshops, data review processes, impact assessments and communications. This PEPR was submitted to DSD on 30 September 2015 and is now undergoing a period of review by all government stakeholders in preparation for close out in 2016.

It is expected that the streamlined PEPR will improve the long-term asset planning against agreed conditions and establish programs and road maps for the future.



Energy consumption and emissions

The majority of OZ Minerals' energy use occurs at the Prominent Hill operation. The two main areas of energy consumption are at the processing plant, which uses electricity from the main grid and the diesel to operate mining vehicles. In line with the mine plan from Prominent Hill, mining activities have moved to deeper areas of the pit which results in a higher diesel use per tonne of material mined, however as we are mining less waste there were fewer trucks operating. Energy use and greenhouse gas emissions are reported in line with the methodology under the National Greenhouse and Energy Reporting Scheme (NGERS).

In the 2014–2015 financial period, OZ Minerals' total energy consumption was 3.8 petajoules (PJ), which is a 16 percent reduction compared to last year (4.5 PJ). Diesel and purchased electricity are the dominant energy sources, contributing 69 percent and 31 percent of total energy use, respectively.

Over the same period, 3.8 million tonnes of carbon dioxide equivalent emissions were generated. Approximately half of greenhouse gas emissions are derived from electricity, due to higher emissions intensity of electricity compared with diesel. OZ Minerals discloses its sustainability performance as part of the Australian Government's NGERS and the Australian Government's National Pollutant Inventory (NPI). Limited assurance was provided for greenhouse gas emissions.

Energy (GJ)	Prominent Hill	Carrapateena	Group office	Total
Combustion of fuels	2,598,865	24,672	0	2,623,537
Purchased electricity	1,174,786	3,608	450	1,178,844
Energy produced	60	0	0	60
Total	3,773,711	28,280	450	3,802,441

Outside of greenhouse gas emissions, the main emission relevant to operations is dust; generated by stockpiling, moving materials and from vehicles driving on unsealed surfaces. OZ Minerals uses a range of control measures to reduce the amount of dust generated through activities, including regular road maintenance and implementing speed restrictions. Recycled water is applied on frequently used roads to reduce dust creation.

Systematic sampling of air quality in and around Prominent Hill is also conducted to understand potential environmental impacts. The quantity of total suspended particulates and particles less than 10 parts per million is also measured and used as a leading indicator for occupational hygiene monitoring and control. From comprehensive sampling, undertaken since operations commenced at Prominent Hill, OZ Minerals can verify air quality management is effective in preventing adverse impacts on workers, the community and the environment.

Air quality is affected by the generation of sulphur and nitrogen oxides through the burning of fuels. Data for key air emissions from stationary and mobile sources are reported annually to the NPI and are available for public viewing at www.npi.gov.au. There are no ozone-depleting substances, persistent organic pollutants, stack emissions or hazardous air pollutants produced at Prominent Hill. Air emissions by type and weight for Prominent Hill are provided below.

Total direct and indirect emissions	2013–2014	2014–2015
Greenhouse gas emissions Scope 1 (tonnes CO ₂ -e) ⁽¹⁾	231,389	180,290
Greenhouse Gas Emissions Scope 2 (tonnes CO ₂ -e) ⁽²⁾	195,896	199,209
Emissions of CH ₄ (tonnes CO ₂ -e)	336	267
Nitrous Oxide N ₂ O (tonnes CO ₂ -e)	704	567
Sulphur Hexafluoride SF ₆ (tonnes CO ₂ -e)	9	11
NO _x (tonnes)	1,602	1,243
SO _x (tonnes)	1.4	1.1
Total volatile organic compounds (VOC) (tonnes)	110	85.5
Particulate matter <10 um (tonnes)	7,329	5,899

Data are reported to the National Pollutant Inventory. Reporting period: July to June.

(1) Scope 1 refers to direct emissions resulting from the on-site combustion of fuels and explosives.

(2) Scope 2 refers to indirect emissions resulting from the import of electricity from external parties; commonly the electricity grid.

Water management

Efficient raw water extraction and management of waste water are key aspects of operational performance. Water is used in all stages of the mine life cycle, including exploration, mining and processing. Prominent Hill and Carrapateena are situated in areas with an average annual rainfall of less than 200 millimetres per year and both are dependent on the supply of groundwater to sustain operations.

Prominent Hill's wellfield is located approximately 40 kilometres south-east of the mine and is operated under the tenure of a Miscellaneous Purpose Licence (MPL) and a water extraction permit under the Far North Wells Prescribed Area Water Allocation Plan as established for the South Australian Arid Land Region. The water is sourced from within the Boorthanna Formation, a sedimentary geological unit of the Arckaringa Basin. The Arckaringa Basin is a groundwater system which is discrete from the Great Artesian Basin aquifer system that feeds

the Great Artesian Basin springs. No influence on these springs has been or is expected to be detected.

As a natural resource, it has been a focus of OZ Minerals to ensure the efficient use of raw water by increasing the recycling of water from the tailings storage facility at Prominent Hill. Increased recovery has seen a significant reduction in raw water consumption.

All wellfields are located on nearby pastoral stations; in the majority of cases, the pastoralists draw water from a different, shallower and or discrete aquifer than that used by the mine wellfield. OZ Minerals has a water monitoring program to monitor water levels and quality in previously agreed pastoral wells on neighbouring stations. Surrounding groundwater sources are closely monitored and results reported to relevant stakeholders. It's important to note that aquifers are localised within the Arckaringa Basin and do not impact on the Great Artesian Basin.

There have been ongoing concerns that one area of the wellfield, also utilised by neighbouring pastoralists, is experiencing a reduction in water depth below specified limits. OZ Minerals continues to invest in determining a long-term water management strategy and conducts investigations to better understand the hydrogeology of the area.

OZ Minerals' standard approach to water management is to require a water management plan incorporating groundwater monitoring both planned and opportunistic. As a part of Prominent Hill's water licence requirements, quality and quantity thresholds have been set on the water extraction. In 2015, these were audited by Ernst & Young as a part of the *Environmental Protection and Biodiversity Act 1999* Controlled Action Condition Audit at Prominent Hill.

OZ Minerals has continued to invest in research to further develop its understanding of the fractured rock groundwater systems that surround the Carrapateena project, and this work will continue into 2016.

Water use	Surface water (ML)	Groundwater (mine dewatering) (ML)	Groundwater (wellfield) (ML)	Rainwater/Stormwater (ML)	Municipal water supply (ML)	Total recycled (%)
Carrapateena	0	0	23	0	1	0
Prominent Hill	0	208	5,988	0	0	17
Total	0	208	6,011	0	1	17

Water discharge	Tailings Storage Facility (ML)	Land (irrigation) (ML)	Treatment facilities (ML)
Carrapateena	0	1,996	0.1052
Prominent Hill	6,131	0	0
Total	6,131	1,996	0.1052

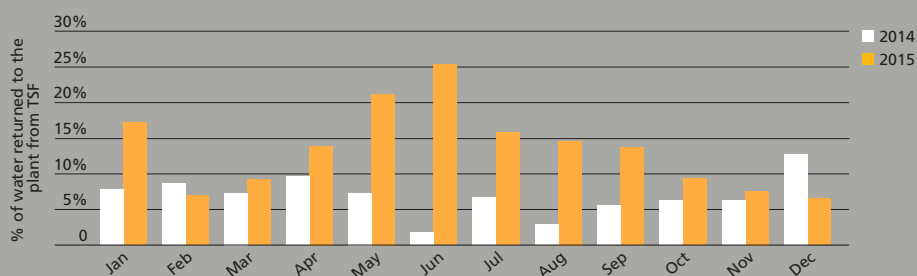
Case Study

Water Savings Tailings Storage Facility

During 2015, a targeted operational program was implemented to optimise water management practices within the Tailings Storage Facility. The process plant uses water to separate copper minerals and gold from waste products. This is the most energy intensive and water-intensive aspect of the operation. This program built on the water efficiency programs undertaken in 2014.

Implementation of improved deposition strategies, combined with priority maintenance on decant infrastructure, allowed 831ML of water to be recycled back to the Prominent Hill process plant. This equates to a saving of approximately 2,280 kL of groundwater per day. The average volume of water returned per month has risen from approximately 25 ML (January 2012 to December 2014) to approximately 68 ML (January to December 2015), an increase of 43 ML per month. By enhancing the water recovery and recycling process, the operation has reduced dependence on groundwater to sustain its operation, whilst improving embankment and adjacent pit wall stability through a reduction in facility seepage.

Water recovery



Waste management

The largest types of waste in mining operations are waste rock and tailings. At the Prominent Hill operation, waste is managed on site in an integrated waste rock and tailings storage facility. The waste rock and tailings standards define the requirements for the management of waste rock to minimise environmental impacts, promote beneficial post-mining land use and reduce post-mining rehabilitation and closure liability. To prevent or minimise potential impacts associated with waste rock and tailings disposal, a range of strategies are implemented during the earliest stages of project planning through operations to closure.

These include:

- geochemical characterisation of potentially acid-forming materials
- resource modelling
- selective handling and encapsulation of waste rock
- disposal of tailings into specially designed and engineered facilities
- containment and treatment of mine waters to meet regulatory discharge criteria
- linking operational planning to long-term closure management.

Over the reporting period Prominent Hill produced 38 million tonnes of waste rock with all classified as non-acid-forming (NAF) material. No potentially acid-forming (PAF) material was mined in 2015. The NAF material is utilised for construction and maintenance of mine infrastructure such as roads and wall lifts on the tailings storage facility. We encapsulate PAF material within engineered waste rock dumps with a final landform designed to prevent surface water infiltration and run off to manage any potential impact to the surrounding environment.

In 2015, 10.3 million tonnes of tailings were produced. All tailings are contained within the tailings storage facility. Surface water sampling is conducted after heavy rainfall events at sites around the tailings storage facility and surrounding waste rock dumps to verify proper containment of heavy metals and potentially acid-forming (PAF) rock material.

Mineral waste	Overburden (t)	Material moved (Mt)	Total ore mined (Mt)	Liquid fossil fuels (kt)	Lubricants (kL)	Explosives (kt)
Prominent Hill	14,2876	52.8	14.1	49.6	1.1	11.0

Prominent Hill has an on-site waste recycling station, which enables a significant reduction in the amount of waste sent to landfill and recycle stockpiled steel, cans, bottles and other materials on site. Recycling is undertaken at Carrapateena and all non-mineral waste generated at Carrapateena is transported off site.

Non-mineral waste	Solid recycled/reused (t)	Liquid recycled/reused (L)	Landfill (t)	Incineration (t)	On site storage (t)	Hazardous (t)	Transported (t)
Carrapateena	2	0	(off site) 169	0	0	0	0
Prominent Hill	591	33,880	3,006	155	8,969,037	17	63
Total	593	33,880	3,175	155	8,969,037	17	63

Case Study

AM-Y Environmental Services – waste management contract



To assist the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC) in developing a sustainable business that would provide employment for the corporation and region, AM-Y Environmental Services Pty Ltd (AM-Y ES) was established to undertake opportunities for commercial enterprises on behalf of AMYAC, as a subsidiary business of the Aboriginal Corporation.

In 2015, OZ Minerals conducted a review of its waste management contract to establish a more cost efficient and effective program. AM-Y ES was awarded the contract following rigorous pre-qualification and compliance requirements. The stringent procurement process also solidified the Company's capability to win contracts in the future. AMYAC Native Title Holders consists of 830 traditional owners in the area including many from the Far North of SA, including Coober Pedy and Prominent Hill. OZ Minerals was keen to establish a more effective waste management strategy for Prominent Hill operations. Source separation of waste and recycling materials at the point of generation was identified as a focal point for AM-Y ES. After many months of work, the waste management services on site commenced in September 2015.

Tonnages going to landfill in 2015 reduced compared to 2014. An Indigenous trainee was employed with AM-Y ES in early 2016 to learn skills associated with waste management. This is a very important step in continuing our engagement with the traditional landowners and acknowledging their relationship with the land.

The procurement process was extremely worthwhile for members, who amassed additional skills. Profits are also used to help members of the community in need of food, shelter, medical treatment and other important welfare requirements.

Land and biodiversity

Prominent Hill is situated in the Stony Plains Rangeland bioregion and is characterised by gibber tablelands, flood plains, dune systems, and breakaway country. The mine area is characterised by low open chenopod shrub lands and low open woodlands, with occasional breakaway areas. Prominent Hill experiences extreme temperatures and periodic rainfall.

Prominent Hill is required to establish formal management and monitoring plans in relation to two specific bird species, the Chestnut-breasted Whiteface and the Thick-billed Grasswren (eastern subspecies). Both of these species are listed on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species. Due to the birds' presence in the mining area, OZ Minerals has established a Significant Environmental Benefit (SEB) Offset area to enable the ongoing protection and enhancement of habitat for the birds. This parcel of land on Mount Eba Pastoral Lease has been fenced, destocked, and has active feral animal control. Flora and fauna monitoring is undertaken twice a year, during autumn and spring to assist in further understanding habitat, landscapes and species abundance. Prominent Hill has expanded the monitoring program to extend further from the SEB Offset area to better understand the benefits of the conservation efforts.

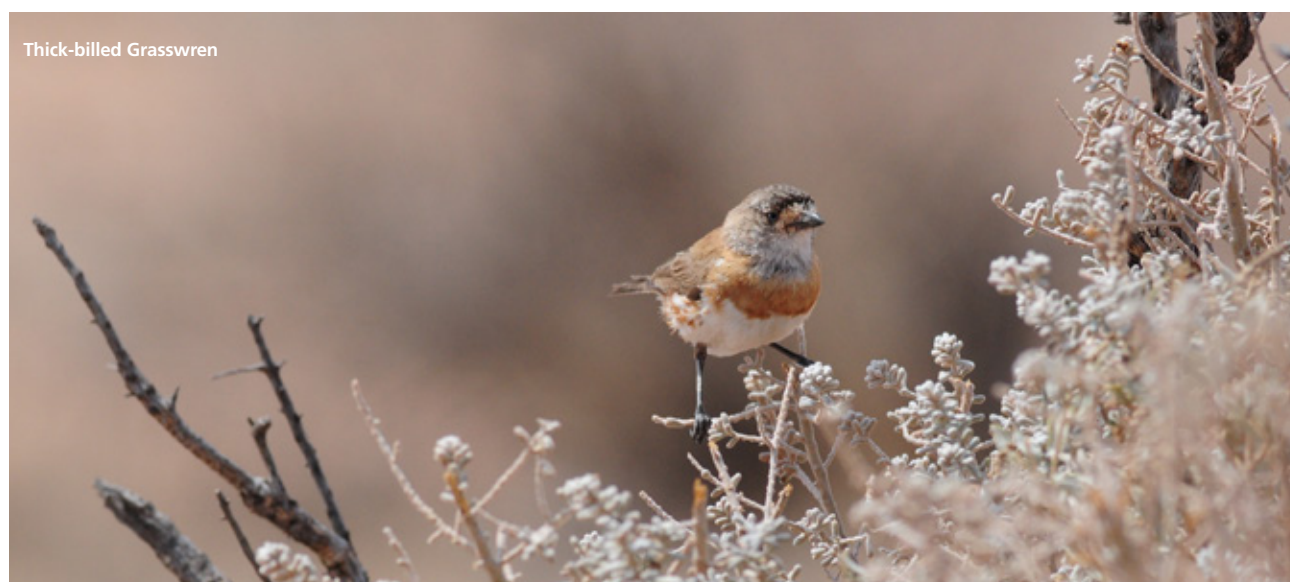
Carrapateena has continued to develop its understanding of the existing flora and fauna through continuous autumn and spring surveys. There are three IUCN species listed within the area, two vulnerable species, the Malleefowl and the Plains Rat, were identified and the endangered, Pernatty Knob-tailed Gecko. The monitoring results continue to indicate mining activities will have minimal impact on the surrounding natural environment, with the Plains Rat the only species within the local area of the proposed operations.

It is OZ Minerals' standard practice to use a Biodiversity Management Plan to effectively manage and monitor biodiversity and understand any potential impact to flora and fauna throughout the mine life cycle. It contains the operations strategy for effectively managing the local environment, including commitments to improving local biodiversity through fox baiting and cat trapping and ensuring any land clearance is effectively recorded and subsequently rehabilitated. The monitoring programs must include any adverse biodiversity impacts (for example, sensitive or protected areas) and the effectiveness of control measures.

In 2015, OZ Minerals engaged Ernst & Young to undertake an independent audit of compliance against the controlled action requirements of the *Environment Protection and Biodiversity Conservation Act 1999* for Prominent Hill. This audit included a review of the OZ Minerals Biodiversity Management Plan and Groundwater Management Plan. There were no issues raised as a result of the audit.

OZ Minerals maintains representation on the Kingoonya Natural Resources Management (NRM) group a part of the South Australian Arid Lands Natural Resources Management Board region. The group members are local people who ensure input to development and delivery of NRM plans for the region.

Land management	Footprint (ha)
Prominent Hill	2,023
Carrapateena	68
Exploration Australia	–
Exploration overseas	–
Total	2,091



Thick-billed Grasswren

Disturbance, rehabilitation and closure planning

During the reporting year only one hectare of land was disturbed at Prominent Hill reflecting the stable nature of the asset. OZ Minerals has commenced the demobilisation of its open pit fleet in line with the mine plan. As the pit approaches its final years, the waste rock dumps must be prepared for closure.

In early 2015, a decision was made to suspend exploration drilling at Carrapateena and regional prospects with the site entering care and maintenance for the second half of 2015. At Carrapateena, the final three mineral drill holes were completed at Fremantle Doctor with no ground clearance required for this work and 29 hectares were rehabilitated.

OZ Minerals requires careful and proactive planning so that social and environmental impacts of the impending closure of Prominent Hill Mine are mitigated. To enable effective management and planning for mine closure, OZ Minerals' minimum standards include evaluating potential closure and post-closure threats, while opportunities are identified and managed throughout the operating stages of the mine life cycle. A large body of work to improve the integration of the mine closure into the operating mine framework was conducted during the reporting year driving improved planning, cost mitigation, mine closure scope management and increased accountability across the asset management team. This work also consequently provides a greater confidence in the extent and cost provisions for the remainder of the closure liabilities.

The potential impacts of closure are an ongoing consideration in liaison with governments and local communities. Consideration is also given to supporting sustainable community development initiatives, including the growth of local businesses not related to mining. All of OZ Minerals' operations have a closure plan and a series of commitments. This is a legislative requirement in South Australia and more broadly in Australia.

Provisions are made for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during the mine's operation. Further details on provisions, including labour transitions, amount and type of financial provision and stakeholder engagement processes are available in the Annual Report.

Land management	Land rehabilitated (ha)
Prominent Hill	–
Carrapateena	29
Exploration Australia	–
Exploration overseas	–
Total	29



Case Study

TAFE SA training program

More than 250 Prominent Hill workers have been awarded a Certificate III in Surface Extraction (RII30113), an accreditation that formally recognises the skills and expertise of long-term staff. The partnership with TAFE SA and OZ Minerals contractor Thiess has allowed staff to attain the nationally recognised qualification that provides workers with evidence of their abilities and competencies in supporting South Australia's minerals sector and mine developers.

The training has assisted staff in gaining a transferable qualification that provides evidence of their skills and expertise to future employers across Australia. OZ Minerals has worked with Thiess and TAFE SA to ensure the training content and assessment methods reflected the needs of the staff and resources sector. The training program was designed to formalise the skills of local workers, a key component of the social impact management strategy aligned with mine life planning at Prominent Hill.



Audit Assurance



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Limited Assurance Report to the Management and Directors of OZ Minerals Limited ('OZ Minerals') in relation to selected non-financial performance commitments for the year ended 31 December 2015

We have carried out a limited assurance engagement in relation to selected Subject Matter contained in OZ Minerals' 2015 Sustainability Report ('the Report') in order to state whether anything has come to our attention that causes us to believe that the Subject Matter has not been reported and presented fairly, in all material respects, in accordance with the Criteria described below.

Subject Matter

The Subject Matter for our limited assurance engagement included the following for the year ended 31 December 2015:

- Subject Matter 1: OZ Minerals' 14 sustainability performance commitments (contained in the 'Performance Summary' table on page 4 of the Report) and the total recordable injury frequency rate ('TRIFR') and lost time injury frequency rate ('LTIFR') for the 2015 reporting period.
- Subject Matter 2: OZ Minerals' reported alignment to the self-declared Global Reporting Initiative's ('GRI') G4 'in accordance' requirements ('core').

The scope of our work did not include:

- Any assessment of OZ Minerals' management's process for selecting the areas for our limited assurance engagement or the materiality or relative significance of the Subject Matter
- Assessing the accuracy, fairness or balance of data sets, statements, information, systems or approaches relating to areas other than the Subject Matter
- Management's forward looking statements
- Any comparisons made against historical data.

Criteria

Subject Matter 1: For the purposes of this engagement, the specific Subject Matter and Criteria were defined in Table 1 below:

Table 1: OZ Minerals performance data for assurance, for the period 1 January 2014 to 31 December 2015

Sustainability indicator	Description	Relevant criteria
/ Safety and Health	No fatalities or serious disabling injuries.	As per OZ Minerals' glossary and GRI G4-LA6, and associated DMA
	An improvement in the total recordable injury frequency rate against the 2014 reporting period.	
	Total Recordable Injury Frequency Rate.	
	Lost Time Injury Frequency Rate.	
	Quarterly reviews of significant incidents with senior leadership	
	Effective risk management with critical control review across extreme and high risks	
/ Environment	No significant environmental incidents	As per OZ Minerals' glossary, GRI G4-EN34, GRI G4-EN6 and associated DMA
	Continue to demonstrate identification of resource efficiency initiatives	
	Continued progressive rehabilitation and closure planning	
	Continue to support environmental research and development initiatives for improved environmental management	
/ Our People	Demonstrate development of our high performing women	As per OZ Minerals' glossary, GRI G4-LA12 and associated DMA
	Include at least one female in one third of succession plans	
	Increase numbers of females in all bands that do not currently have a representation of at least 25%	

Audit Assurance continued

Sustainability indicator	Description	Relevant criteria
/ Community	No significant community incidents	As per internal guidelines (Level 3 and above significant incidents are internally classified as those that cause or have the potential to cause moderate to major community and/or external impact and are within OZ Minerals' operational control)
	Continue to support community-led initiatives	As per GRI G4-EC1 and associated DMA
	Managed the impacts of the demobilisation in line with our social impact strategy	As per GRI G4-SO2 and associated DMA

Subject Matter 2: The GRI's G4 'In accordance with Core' Guidelines.

Management's responsibility

The management of OZ Minerals ('Management') is responsible for the preparation and presentation of the Subject Matter in accordance with the above Criteria, and is also responsible for selecting the methods used in the Criteria. No conclusion is expressed as to whether the selected methods used are appropriate for the purpose described above. Further, OZ Minerals' management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the Subject Matter against the stated criteria based on our limited assurance engagement. We conducted our limited assurance engagement in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'). This Assurance Standard requires that we comply with relevant ethical requirements, plan and perform the assurance engagement to obtain limited assurance whether the specific activity data is free from material misstatement.

Work Performed

Our procedures included, but were not limited to:

- Checking that calculation criteria have been correctly applied as per the methodologies outlined in footnotes throughout the Report
- Undertaking analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data, and
- Testing, on a sample basis, the accuracy and balance of the sustainability performance commitments within the Report
- Reviewing and agreeing OZ Minerals' self-assessment of the Report's alignment with GRI G4 'in accordance' requirements through checking OZ Minerals had reported against the relevant GRI standard disclosures and performance indicators.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion. These procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our limited assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT system, which would have been performed under a reasonable assurance engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Use of our Report

We disclaim any assumption of responsibility for any reliance on this assurance report, or on the Subject Matter to which it relates, to any persons other than management and Directors of OZ Minerals, or for any purpose other than that for which it was prepared.

Independence, Competence and Experience

In conducting our assurance engagement we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants. We have the required competencies and experience to conduct this assurance engagement.

Audit Assurance continued

Limited Assurance Conclusion

Subject Matter 1

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that OZ Minerals' specified performance information, relating to the performance commitments and safety data, has not been reported and presented fairly, in all material respects, in accordance with the criteria listed above.

Subject Matter 2

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that OZ Minerals' self-declared 'in accordance' level of 'core', has not been reported and presented fairly, in all material respects, in accordance with the criteria listed above.



Terence Jeyaretnam, FIEAust
Partner
Ernst & Young
Melbourne, Australia
11 April 2016

Glossary

Acid rock drainage

When rock surfaces are exposed to air and rain, a reaction can occur with the elements in the rock which results in a change in the characteristics of the water that runs off. If the rock contains sulphides, oxidation processes can acidify the water. This process is known as acid rock drainage.

Biodiversity

Biodiversity is the variety of plants, animals and micro-organisms, their genetic variation and the different ecosystems of which they inhabit.

Carbon dioxide equivalent (CO₂-e)

Carbon dioxide equivalent is a standard measurement used to indicate the impact of various greenhouse gas emissions on global warming relative to the same amount of carbon dioxide (CO₂).

Copper concentrate

The Prominent Hill operation produces copper concentrate. This is a fine-grained material that contains a percentage of copper, gold and other minerals which has been concentrated to increase its copper concentration through the removal of waste materials. Copper concentrate is used by smelters to produce copper in its metal form.

Footprint

The area disturbed by OZ Minerals' operations and activities.

Global Reporting Initiative (GRI)

An international multi-stakeholder process aimed at producing and disseminating globally applicable sustainability reporting guidelines. These guidelines are for voluntary use by organisations for reporting on the economic, environmental and social dimensions of their activities, products and services. For more information, see www.globalreporting.org.

Greenhouse gases

Gases in the Earth's atmosphere that absorb and re-emit infrared radiation, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride (SF₆).

Hectare (ha)

A hectare is a unit of area equal to 10,000 square metres. Usually used to measure land.

IUCN Red List

The International Union for Conservation of Nature and Natural Resources (IUCN) Red List of threatened species provides information about the characteristics, conservation status and distribution of flora and fauna species facing the risk of extinction.

Kilolitre (kL)

One kilolitre is equal to one thousand litres.

Leading my career

A training and mentoring program for high-performing females, run collaboratively between OZ Minerals, Beach Energy and Thiess Mining (Prominent Hill).

Lost time injury frequency rate (LTIFR)

A Lost Time Injury is a work-related injury or illness resulting in an absence from rostered work of at least one full day or shift any time after the day or shift on which the injury occurred. The LTIFR is the number of LTIs per million hours worked.

Megalitre (ML)

One megalitre is equal to one million litres.

Petajoule

One petajoule is equal to 10¹⁵ joules.

Significant community incidents

Level 3 and above significant incidents are internally classified as those that cause or have the potential to cause moderate to major community and/or external impact within OZ Minerals' operational control.

Significant community issues

Key concerns raised by local community stakeholders that are a result of or strongly influenced by OZ Minerals' activities within operational control.

Significant incidents

Any occurrence that has actually resulted in or had the potential to result in consequences that have moderate to major impacts on safety, health, environment or the community. These are internally classified as Level 3 and above. In previous reports, safety-related significant incidents were referred to as high potential incidents.

Significant occupational exposures

Substances that potentially may present a significant health risk from exposure to OZ Minerals' Prominent Hill employees and similar exposure groups.

Site culture development strategy

A Prominent Hill initiative that enables employee and contractor management to define, assess and improve key areas to improve the overall safety culture.

Stakeholders

Any person, group or interested party that may be impacted by OZ Minerals' operations, activities or performance.

Tailings

Finely ground materials from which valuable minerals have been largely extracted.

Tailings storage facility (TSF)

Facility designed for the storage of tailings material produced during ore processing.

Total recordable injury frequency rate (TRIFR)

TRIFR is the total number of recordable injuries per million working hours. 'Recordable Injuries' include those that result in lost time, medical treatment and restricted work injuries. First aid injuries are not included.

Waste rock

Material such as soils, barren or uneconomic mineralised rock that surrounds a mineral orebody and must be removed in order to mine the ore.

Contact Details/Annual General Meeting

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Careers at OZ Minerals
www.ozminerals.com/careers

Annual General Meeting
Tuesday 24 May 2016
at 2.30pm (Adelaide time)
Adelaide Oval
William Magarey Room
Level 3, Riverbank Stand
North Adelaide
South Australia 5006

