



# 2018 First Quarter Report Presentation

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17 APRIL 2018



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## Forward Looking Statements

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All figures are expressed in Australian dollars unless stated otherwise.

This presentation should be read in conjunction with the Quarterly Report released today.

# Compliance Statements

## Prominent Hill Production Targets Cautionary Statement

Production Targets for the Prominent Hill Underground only are based on:

Proved Ore Reserve 44%  
Probable Ore Reserve 47%  
Measured Mineral Resource 1%  
Indicated Mineral Resource 3%  
Inferred Mineral Resource 5%

Production Targets for the entire Prominent Hill asset are based on:

Proved Ore Reserve 47%  
Probable Ore Reserve 45%  
Measured Mineral Resource 1%  
Indicated Mineral Resource 2%  
Inferred Mineral Resource 5%

The modifying factors used in the estimation of the Ore Reserve were also applied to the Mineral Resources in the generation of the production target. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production targets will be realised.

The Ore Reserve and Mineral Resource Estimate underpinning these Production Targets were prepared by a Competent Person in accordance with the JORC Code 2012. The production targets are the result of detailed studies based on the actual performance of our existing mines and processing plant. These studies include the assessment of mining, metallurgical, ore processing, marketing, government, legal, environmental, economic and social factors.

## Prominent Hill Resources and Reserves

The information on Prominent Hill Mineral Resources and Ore Reserves in this presentation is extracted from the document entitled "Prominent Hill 2017 Mineral Resource and Ore Reserve Statement and Explanatory Notes" which is annexed to the ASX Release entitled "Prominent Hill underground Reserve growth continues, mine life extended to 2029" released on 21 November 2017 and available at [www.ozminerals.com/media/asx](http://www.ozminerals.com/media/asx). OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or 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. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

# Compliance Statements

## **Carrapateena Production Targets Cautionary Statement**

Production targets for Carrapateena are based on:

Probable Ore Reserves:	94%
Inferred Mineral Resources:	6%

There is a low level of geological confidence associated with Inferred Mineral Resources. There is no certainty that further exploration work and studies will result in the determination of Inferred Mineral Resources or that the production targets will be realised.

The Ore Reserve and Mineral Resource estimates underpinning the production targets were prepared by a Competent Person in accordance with the JORC Code 2012. The material assumptions used in the estimation of the production targets and associated financial information referred to in this presentation can be found in the Carrapateena Feasibility Study Update released on 24 August 2017, the Restated 2016 Carrapateena Mineral Resource Statement as at 18 November 2016 released on 9 December 2016, and the Carrapateena Ore Reserve Statement as at 4 August 2017 released on 24 August 2017.

## **Carrapateena Resources and Reserves**

The information on the 134 Mt Carrapateena Mineral Resource in this presentation is extracted from the document entitled "Carrapateena Project Mineral Resource Statement and Explanatory Notes as at 18 November 2016" released on 9 December 2016 and available at [www.ozminerals.com/media/asx](http://www.ozminerals.com/media/asx). OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information on Carrapateena Ore Reserves in this presentation is extracted from the document entitled "Carrapateena Project Ore Reserve Statement and Explanatory Notes as at 4 August 2017" released on 24 August 2017 and available at [www.ozminerals.com/media/asx](http://www.ozminerals.com/media/asx). OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

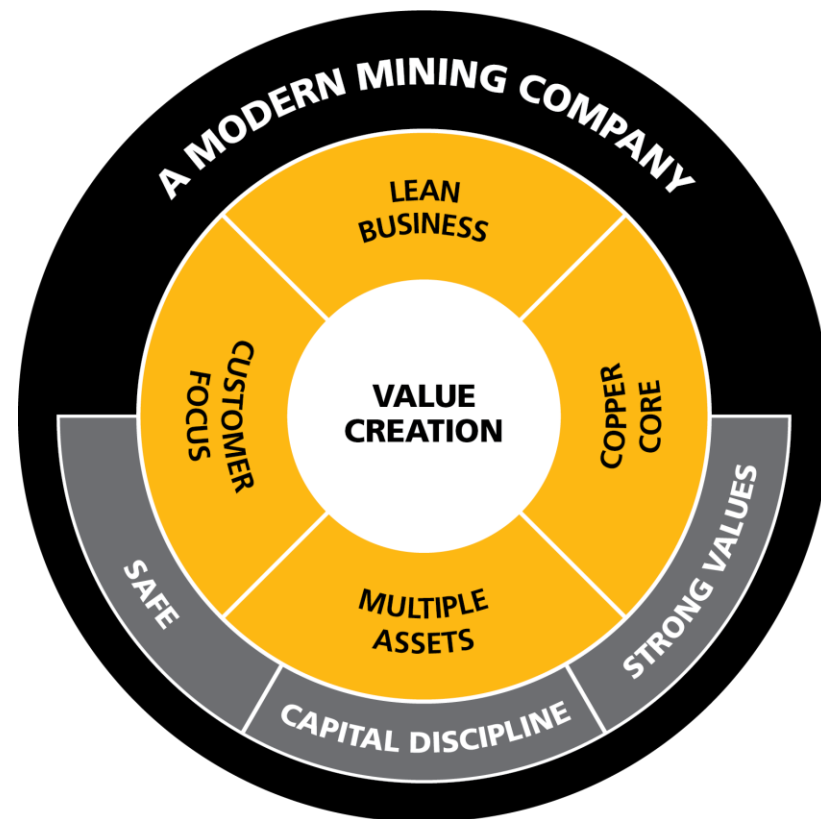
# Delivering on our growth strategy

## How we will work

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

## What we will focus on

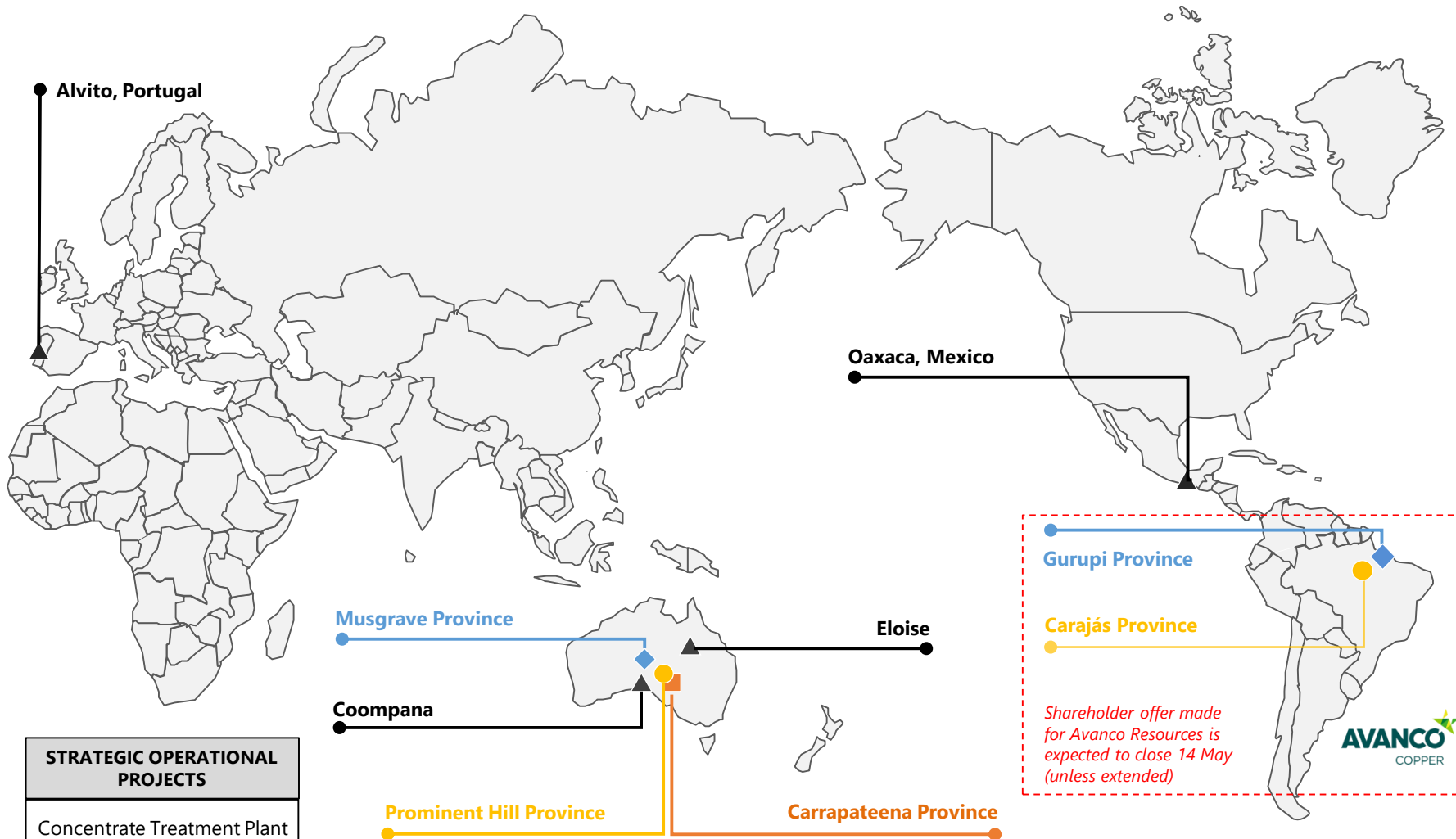
- **Lean business** – Fit for purpose today with an agile and flexible approach to opportunity.
- **Customer focus** – Preferred supplier of mineral products to customers.
- **Copper core** – Foundation built on copper with base metals and gold opportunistically pursued.
- **Multiple assets** – Build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



# Company Snapshot

Operations, projects and a growing pipeline of opportunities

● Operating Mine   ■ Mine in construction   ◆ Study phase   ▲ Exploration



## STRATEGIC OPERATIONAL PROJECTS

Concentrate Treatment Plant  
Power



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# Summary

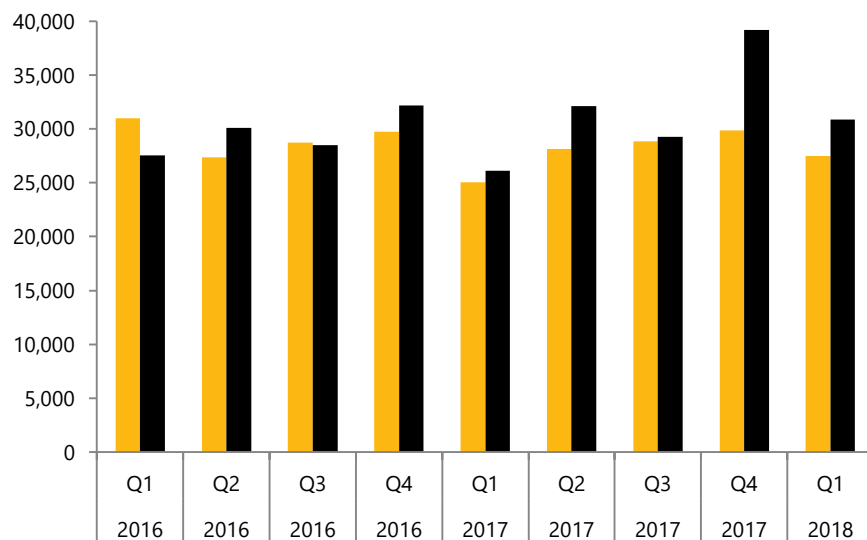
ITEM	Q1
Contained Copper produced (t)	● 27,466
Contained Gold produced (oz)	● 30,873
All-In Sustaining Cost US c/lb	● 136
C1 cost US c/lb	● 97

● Favourable to annual guidance

● Unfavourable to annual guidance

## CONTAINED COPPER AND GOLD PRODUCED

(t/oz)



■ Copper ■ Gold

## STRONG START TO 2018

- / Prominent Hill on track for guidance; open pit closure completed as planned
- / Mining Lease and other key approvals received for Carrapateena; construction continues on schedule
- / Power strategy implementation underway to achieve reliable, secure and affordable power for current and future Gawler Craton assets
- / Shareholder offer made to acquire Avanco Resources Ltd
- / Cash balance of \$646 million (unaudited) after investment into Carrapateena (\$65 million), dividends (\$42 million) and timing of working capital movements (\$78 million)
- / New earn-in agreement with Woomera Mining Ltd in the Eastern Musgrave Province

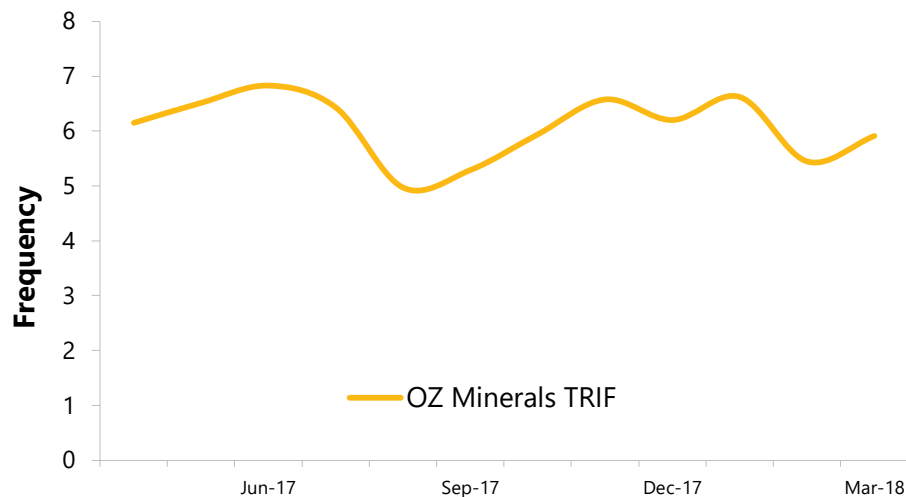
## UPCOMING ACTIVITY

- / West Musgrave resource and metallurgical drilling commenced in April
- / Offer period for Avanco Resources to end 14 May (unless extended)
- / Carrapateena phase two construction
- / Prominent Hill open pit stockpile processing
- / Drilling: Khamsin, Fremantle Doctor, Alvito, Eloise

# Social Performance

## SAFETY

- / Q1 TRIF at 5.91; a 5% improvement on Q4 2017 (6.20\*)
- / Safety strategy day held with Carrapateena project leaders; strategy rollout commencing with safety leadership training across the project in Q2
- / Carrapateena recordable injury free since January
- / Skills development for Prominent Hill emergency response team through participation in the South Australian Mines Emergency Rescue competition



\* Q4 2017 TRIF revised downwards (from 6.39) due to increased working hours reconciled

## OUR PEOPLE

- / Carrapateena operational readiness further strengthened with appointments to key positions
- / West Musgrave capability increase with appointment of Project Director, Deputy Director, Lead Metallurgist and Environment & Approvals Lead

## EXTERNAL STAKEHOLDERS

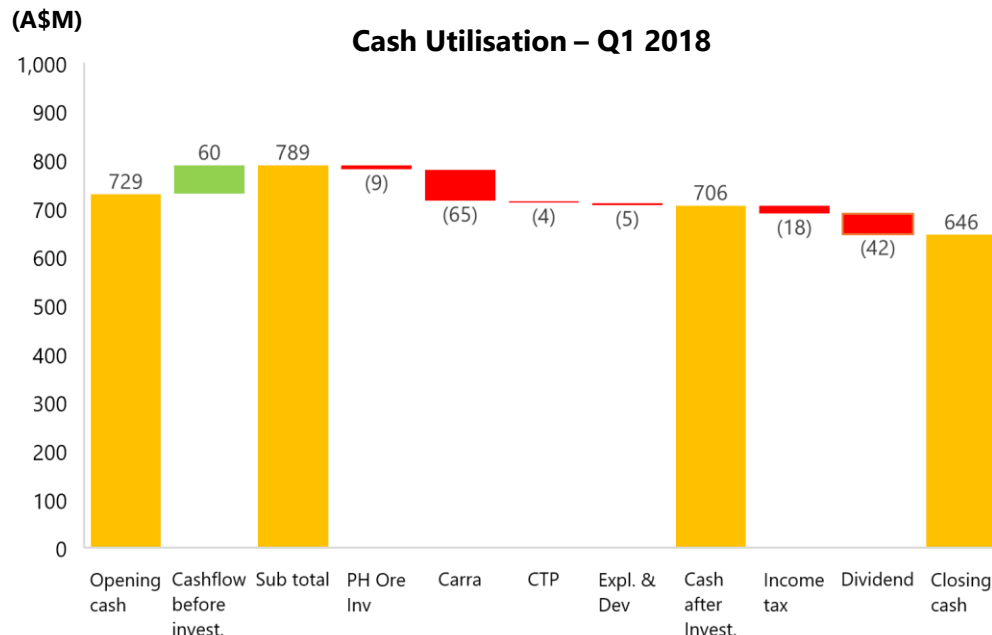
- / Carrapateena primary approvals now in place:
  - / Carrapateena Mining Lease granted by South Australian Government
  - / Environmental Protection and Biodiversity Conservation (EPBC) Act approval received from Federal Government
- / Carrapateena Program for Environmental Protection and Rehabilitation (PEPR) approved
- / West Musgrave community meetings held together with Cassini Resources to provide stakeholders with an activity overview for the next 12 months
- / Native Title Mining Agreement agreed with the Tjajiwara-Unmuru Aboriginal Corporation for the East Musgrave project

# Cash Generation

## WORKING CAPITAL MOVEMENTS - QUARTER

A\$M	Dec 17	Mar 18*	Change
Trade receivables	122	148	26
Concentrate (at cost)**	51	69	18
Trade payables	(94)	(83)	11
Ore inventory**	676	699	23
<b>Working Capital</b>	<b>755</b>	<b>833</b>	<b>78</b>
<b>Cash balance</b>	<b>729</b>	<b>646</b>	<b>(83)</b>

\* Balances unaudited \*\* Includes non-cash depreciation and NRV adjustment



## CASH MOVEMENTS

- / Cash balance of \$646 million (unaudited) at 31 March with no debt
- / Interim working capital increase of \$78 million on prior quarter
- / Trade receivables higher by \$26 million due to concentrate shipment late in March
- / Carrapateena project cash investment of \$65 million
- / Prominent Hill ore inventory cash investment of \$9 million (plus \$14 million non-cash)
- / Final 2017 dividend payment of \$42 million
- / Income tax payment of \$18 million

## UPCOMING ACTIVITY

- / Ramp up in capital expenditure at Carrapateena through 2018 following Mining Lease approval; surface infrastructure works to commence
- / Addition to gold hedges ceased in 2017
  - / Hedges begin to unwind from Q3 2018

# Prominent Hill Province

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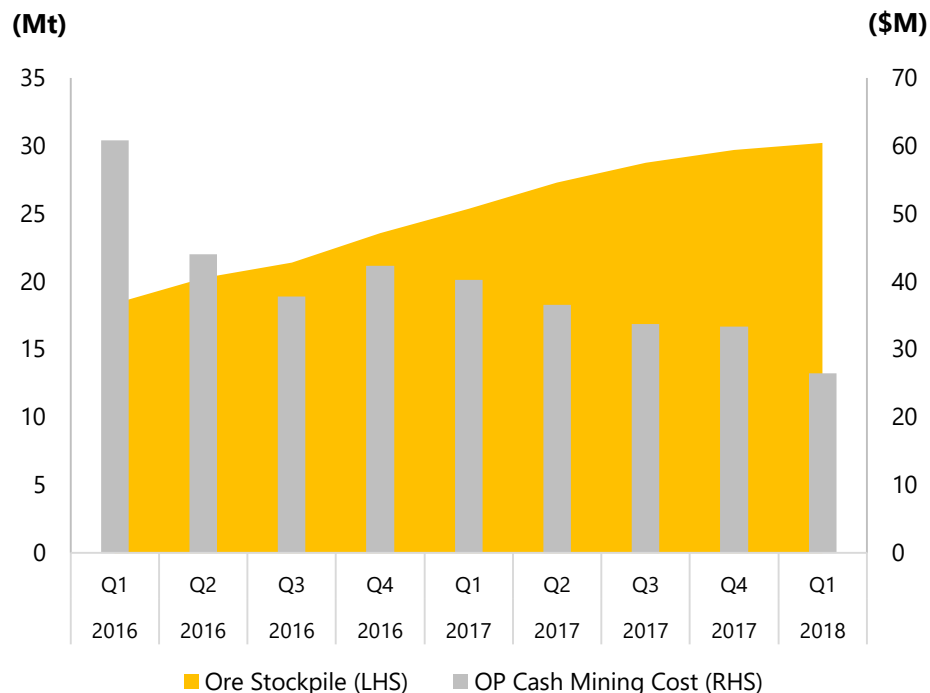


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# Open Pit Performance

ITEM	Q1
Open Pit ore mined (Mt)	2.2
Open Pit waste mined (Mt)	0.6

## OP CASH MINING COST vs. ORE STOCKPILED



## OPEN PIT PERFORMANCE

- / Malu Open Pit ore production completed safely and on time
  - / 12m deep 'Goodbye cut' completed at base of pit
  - / Installation and testing of life of mine dewatering system commenced post ore hauling
- / Minor south dump closure works and open pit abandonment bund construction ongoing as part of commitment to progressive mine closure
- / Focus on safe and timely demobilisation of excess contractor equipment during Q2
- / Receivable from equipment sales well in excess of Q2 pit finalisation costs
- / Demobilisation and other material costs previously accrued

## OPEN PIT AT COMPLETION OF MINING

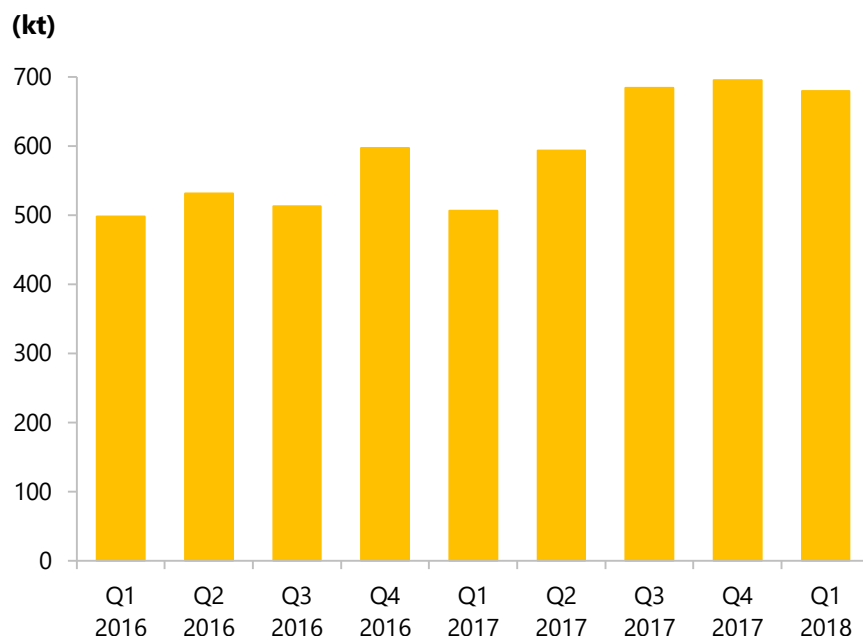


# Underground Performance

ITEM	Q1
Underground ore mined (kt)	680

● Favourable to annual guidance ● Unfavourable to annual guidance

## UNDERGROUND ORE HAULED



## UNDERGROUND PERFORMANCE

- / Underground mine contributed 680kt of ore at 1.81% copper
- / Ore tonnes hauled in line with prior quarter
- / Annual haulage guidance on track with H2 ramp up enabled by additional declines into lower benches of open pit
- / 3<sup>rd</sup> decline breakthrough location finalised with completion in Q2

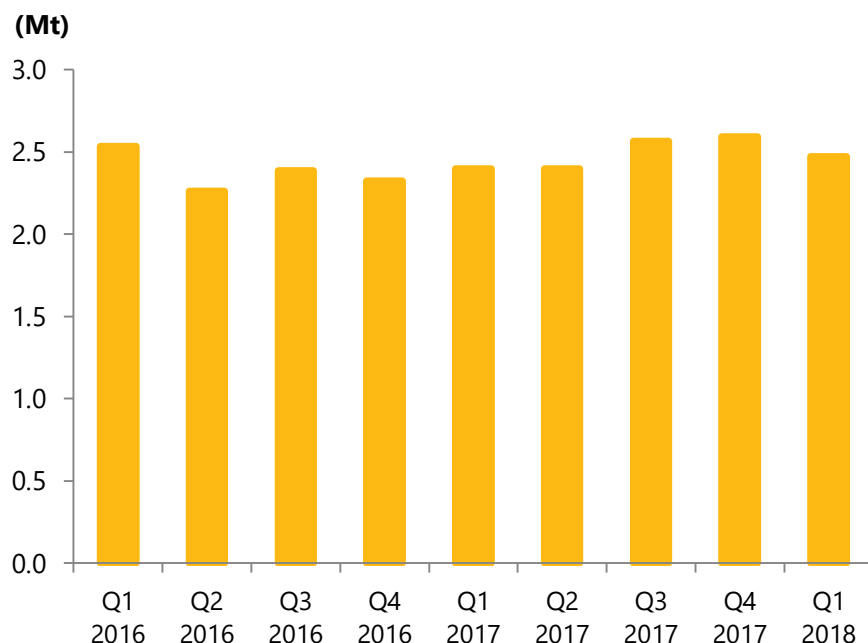
## UPCOMING ACTIVITY

- / Planning of 4<sup>th</sup> decline advancing; development to commence Q2 with completion Q3
- / Trial of UG diesel / electric loader
- / Award of the ROM and underground ore rehandle contract
- / Finalisation of tender process for the Malu paste plant

# Processing Plant Performance

ITEM	Q1
Ore milled (Mt)	2.5
Copper recovery (%)	86
Gold recovery (%)	73

## MILL THROUGHPUT



## CONCENTRATOR PERFORMANCE

- / Copper and gold metal in concentrate production on track for annual guidance
- / Scheduled January concentrator shutdown completed safely
- / Processing plant technology vision and roadmap completed
- / Plant Engineering Work Management Mobility program progressing with vendor and product selection underway
- / Mine-to-mill modelling software upgrade incorporating improved scenario analysis capability underway

## UPCOMING ACTIVITY

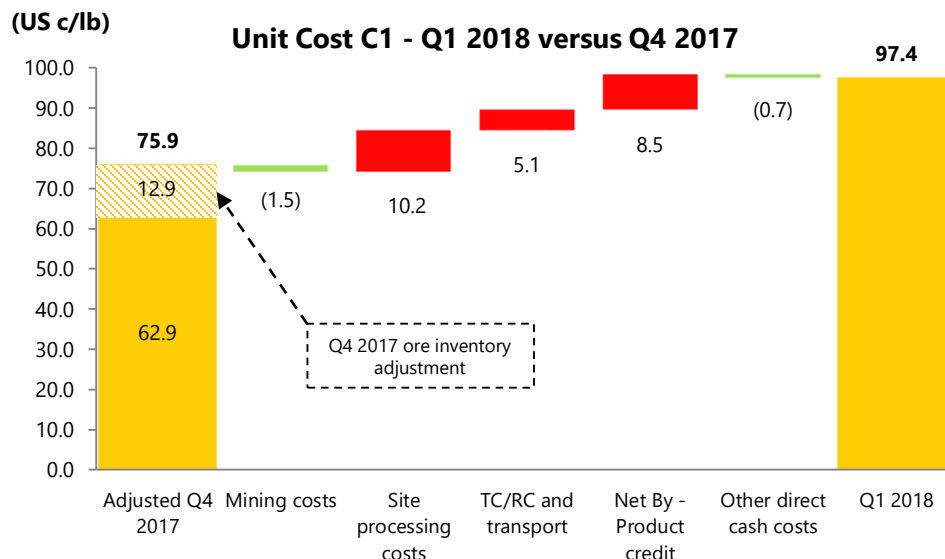
- / May shutdown to include SAG and Ball mill reline
- / Development of a scope of work for data management and process control

# Cost Performance

ITEM		Q1
All-In Sustaining Cost US c/lb	●	136
C1 costs US c/lb	●	97
Open Pit unit costs \$/t	●	9.34
Underground unit costs \$/t	●	48

● Favourable to annual guidance      ● Unfavourable to annual guidance

## C1 COST ANALYSIS



## COST PERFORMANCE

- / All-In Sustaining Cost of US 136c/lb
- / C1 costs of US 97c/lb\*
- / C1 costs higher than prior quarter due to:
  - / inclusion of total cash costs of stockpiled OP ore
  - / higher processing costs (no shutdown in Q4)
  - / higher transport costs
  - / lower by-product credits with less gold produced
- / AISC higher in line with C1 and timing of comparative sustaining capital spend
- / Open pit unit mining costs of \$9.34/t higher than prior quarter with reduced volumes and finalisation costs with open pit mining completion
- / Underground operating unit costs of \$48/t in line with Q4

## UPCOMING ACTIVITY

- / C1 costs to reduce to guided range of US 75c - US 85c/lb through remainder of 2018 with commencement of stockpile processing
- / Open pit mining cash costs and related fixed overheads to cease from Q2

# Carrapateena Province

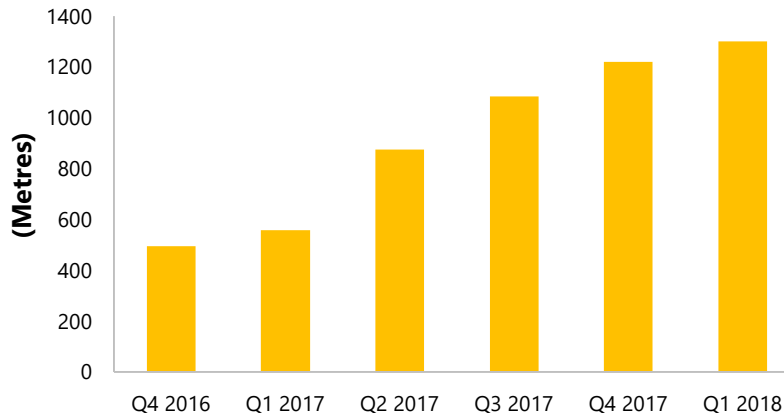
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# Underground Development

## QUARTERLY DECLINE ADVANCE



## SITE DEVELOPMENT PROGRESS



## PROGRESS DURING QUARTER

- / Development rates show continued improvement:
  - / Increased focus on reducing cycle time variation and elimination of recurring delays
  - / High availability of critical equipment
  - / Personnel increase to support development ramp-up
  - / Robust scheduling processes flagging tasks with potential development impacts well in advance
- / Monthly development target exceeded for sixth consecutive month
- / Total decline development on track at 5,540 metres (2,550 metres to face of Tjati decline); vertical depth 380 metres
- / Downer EDI awarded underground mining services contract
- / All key underground milestones on-track

## UPCOMING ACTIVITY

- / Downer EDI mobilising to site to commence 10-week transition period
- / Commencement of first ventilation raisebore

# Infrastructure Development

## TJUNGU VILLAGE STAGE ONE



## AIRSTRIIP PROGRESSING TO PLAN



## PROGRESS DURING QUARTER

- / Mining Lease and Environmental Protection and Biodiversity Conservation (EPBC) Act approvals received
- / Stage one of Tjungu Village occupied; stage two construction and commissioning progressing
- / 60% design review for non-process infrastructure and concentrate handling complete
- / High voltage Build Own Operate Maintain (BOOM) contract awarded to Electranet

## UPCOMING ACTIVITY

- / Commissioning of the Radial Wellfield
- / Handover of Tjungu Village to OZ operations team
- / Airstrip completion and Civil Aviation Safety Authority (CASA) approval
- / Process plant and Non Process Infrastructure construction
- / Award contract and commencement works in mine area borrow pit
- / Consideration of optimisation timing for Western Access Road and Tailings Storage Facility construction

# Other Activity

## DRILL RIG ON SITE AT KHAM SIN



## STRONG OPERATIONAL CAVING EXPERIENCE

- / Deputy General Manager: Jack Dermody (Telfer SLC, Cadia East, Ridgeway)
- / Manager – Mining: John Lean (Telfer SLC)
- / Geotechnical Engineer: Tessa Ormerod (Telfer SLC)
- / UG Infrastructure package lead: Peter Burns (Ridgeway, Telfer SLC, Cadia East)
- / UG Electrical & Controls: Abel Coelho (Ridgeway, Telfer SLC, Cadia East)
- / Manager – Maintenance & Engineering: Paul Barac (Prominent Hill)

## CARRAPATEENA EXPANSION DRILLING UNDERWAY

- / Drill hole testing of existing Khamsin mineralisation underway
- / Encouraging bornite mineralisation intersected in first Khamsin drill hole
- / 2,250m completed by end of Q1

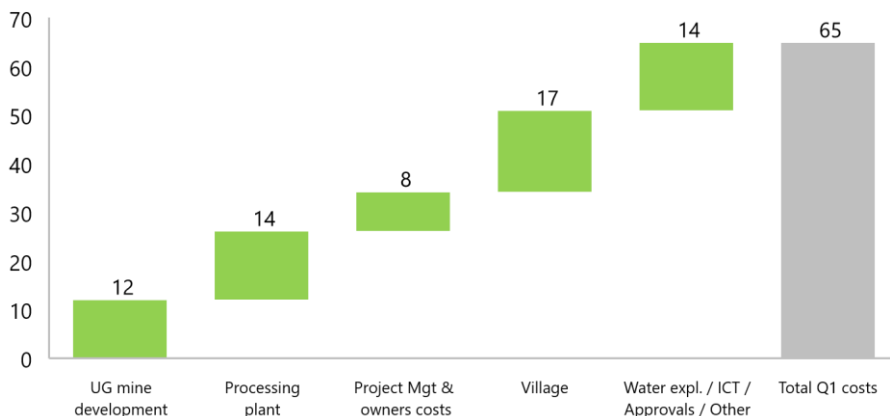
## UPCOMING ACTIVITY

- / Completion of Khamsin drill program
- / Fremantle Doctor drilling to commence Q2
- / Desktop study on wider Carrapateena mineralised zone progressing

# Cost Performance

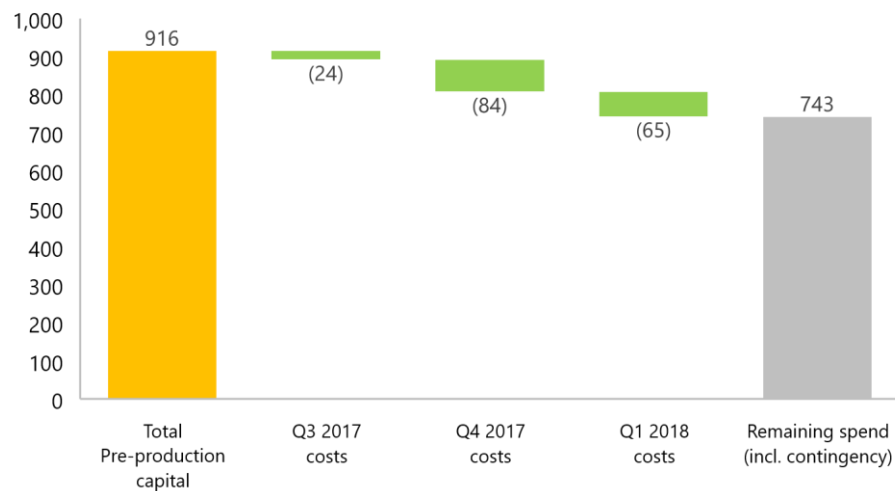
## Q1 PRE-PRODUCTION CAPITAL EXPENDITURE

(\$M)



## TOTAL PRE-PRODUCTION CAPITAL EXPENDITURE

(\$M)



## COSTS INCURRED DURING QUARTER

- / Phase one of the project has continued on time and budget
- / \$65 million investment into Carrapateena during the quarter
  - / \$12 million – Underground mine development
  - / \$14 million – Processing plant
  - / \$8 million – Project management and owners costs
  - / \$17 million – Village
  - / \$14 million – Water exploration / ICT / Approvals / Other
- / \$547 million of project costs under contract at end of Q1

## UPCOMING ACTIVITY

- / Completion of: Airstrip, village stage two construction and Radial Wellfield collection pipework
- / Continuation of: underground development and Northern Borefield water exploration
- / Commencement of: Process Plant construction and Mine Area Borrow Pit works

# Project Schedule

## Two phases



✓ Proceeding to schedule / completed

✗ Behind schedule

# Musgrave Province

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# West Musgrave Pre-Feasibility Study

## METALLURGICAL DRILLING AT NEBO



## NEBO-BABEL CAMP EXPANSION



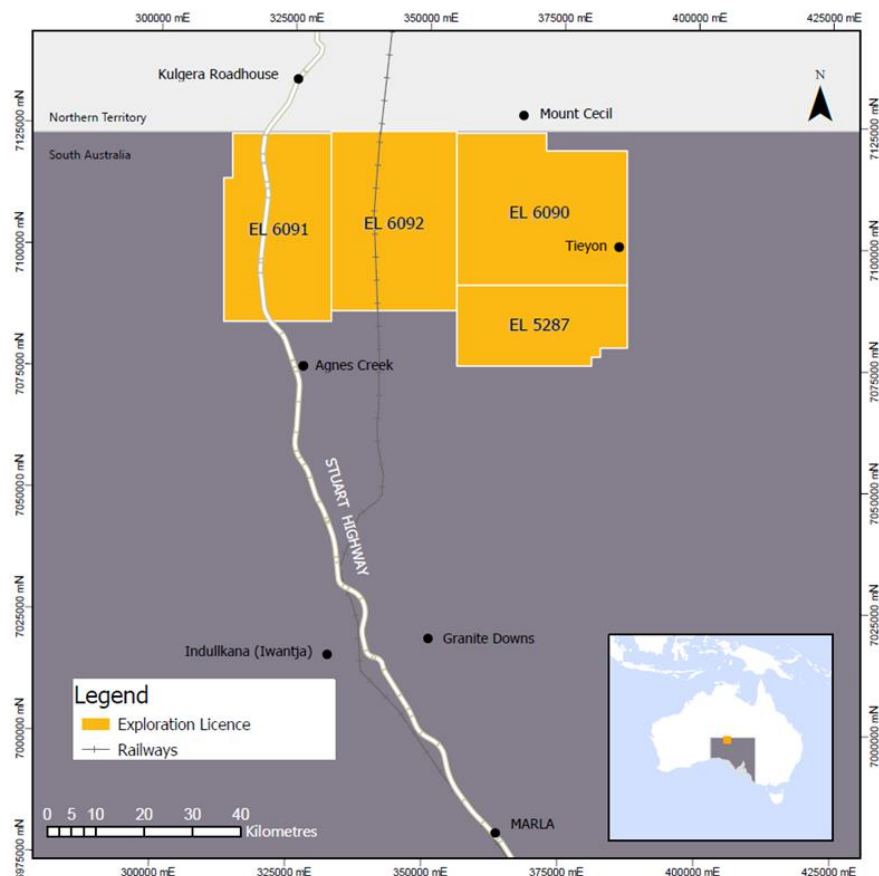
## ACTIVITY DURING QUARTER

- / Appointment of Project Director, Deputy Director, Lead Metallurgist and Environment & Approvals Lead
- / Tender process for drilling and metallurgical program completed
- / Two diamond drill rigs mobilised to site
- / Nebo-Babel camp expansion completed
- / Metallurgical optimisation test work commenced
- / Stakeholder engagement on PFS activities commenced
- / Gravity surveys conducted to confirm water exploration targets
- / Surface and down-hole electromagnetic surveys commenced at One Tree Hill

## UPCOMING ACTIVITY

- |   |   |
|---|---|
| / Metallurgical drilling                                      | / Wind mast installation for renewable energy program       |
| / Resource infill drilling to upgrade resource classification | / Heritage surveys with a focus on infrastructure corridors |
| / Exploration drilling at One Tree Hill, Yappsu and Succoth   | / Botanical and fauna surveys                               |
| / Water exploration drilling                                  | / Progression of approvals                                  |

# East Musgrave



## OVERVIEW

- / Targeting copper / nickel magmatic sulphide systems with Woomera Mining Ltd
- / Located in the Musgrave Province
- / OZ Minerals can earn up to 75% by spending \$7.5 million over three and a half years

## PROGRESS TO DATE

- / Native Title Mining Agreement for exploration activities signed with the Tjajiwara Unmurru Aboriginal Corporation
- / Comprehensive historical geophysical data set
- / Analysis and re-processing of aeromagnetic and gravity data undertaken

## UPCOMING ACTIVITY

- / Work area and heritage clearances to commence Q2

# Avanco Shareholder Offer

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# Strategic Rationale

Strong strategic alignment and significant benefit for OZ Minerals shareholders

## Value Creation

Value and earnings accretive opportunity for OZ Minerals | Significant upside embedded in Avanco's portfolio | Pathway to optimise assets  
Aim to be a 50ktpa+ copper and 100koz+ gold producer in Brazil at bottom half of cost curve

### Copper Core

- / 1Mt contained copper mineral resource base in the Carajás IOCG<sup>1</sup> province
- / High grade, copper gold portfolio with an operating base and near-term province expansion potential

### Multiple Assets

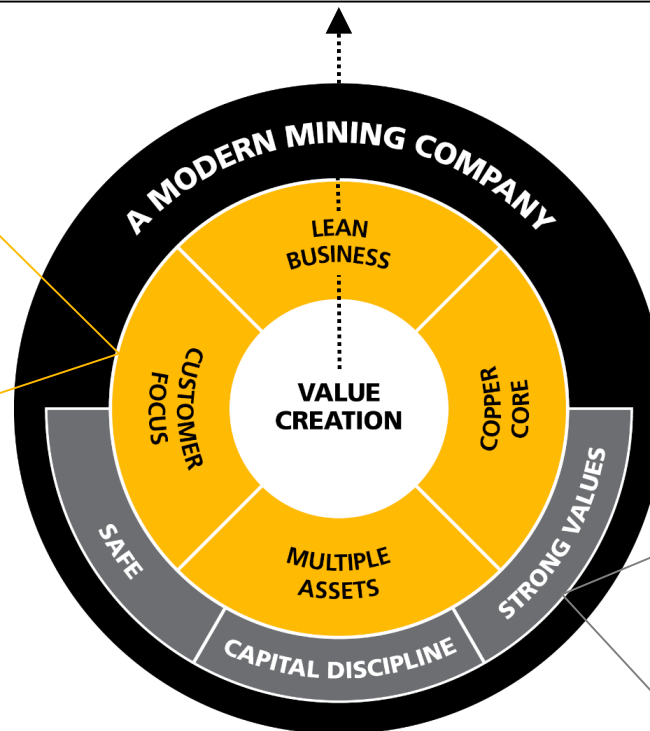
- / Geographical diversification into new mineral provinces
- / Immediately increases production and significantly enhances growth pipeline and options
- / Potential pathway to seven operating mines within OZ Minerals' portfolio in the next six years

### Lean Business

- / Experienced, Brazilian in-country management, culturally aligned
- / Integration facilitated via devolved operating model

### Customer Focus

- / High quality Antas concentrate contracted under favourable terms



### Strong Values

- / 10 years of operating experience in Brazil
- / Strong relationships with communities, landowners, partners, regulators and Governments

### Capital Discipline

- / Cash / scrip maintains flexibility for capital management and growth options
- / Strong cash balance for current and future growth and dividends

### Safe

- / Excellent safety culture
- / Three million man hours achieved without a lost time incident

<sup>1</sup> IOCG = Iron Oxide Copper Gold.

# Timetable of events

Event	Date	Complete
Announcement of takeover bid	27 March 2018	✓
OZ Minerals lodges Bidder's Statement with ASIC and serves it on Avanco and ASX	10 April 2018	✓
Commencement of dispatch of Bidder's Statement to Shareholders	11 April 2018	✓
Offer Period opens	11 April 2018	✓
Avanco lodges Target's Statement with ASIC and serves it on OZ Minerals and ASX	11 April 2018	✓
Completion of dispatch of Bidder's Statement to Shareholders	13 April 2018	✓
Offer Period ends (unless extended)	14 May 2018	

# Strategic Operational Projects

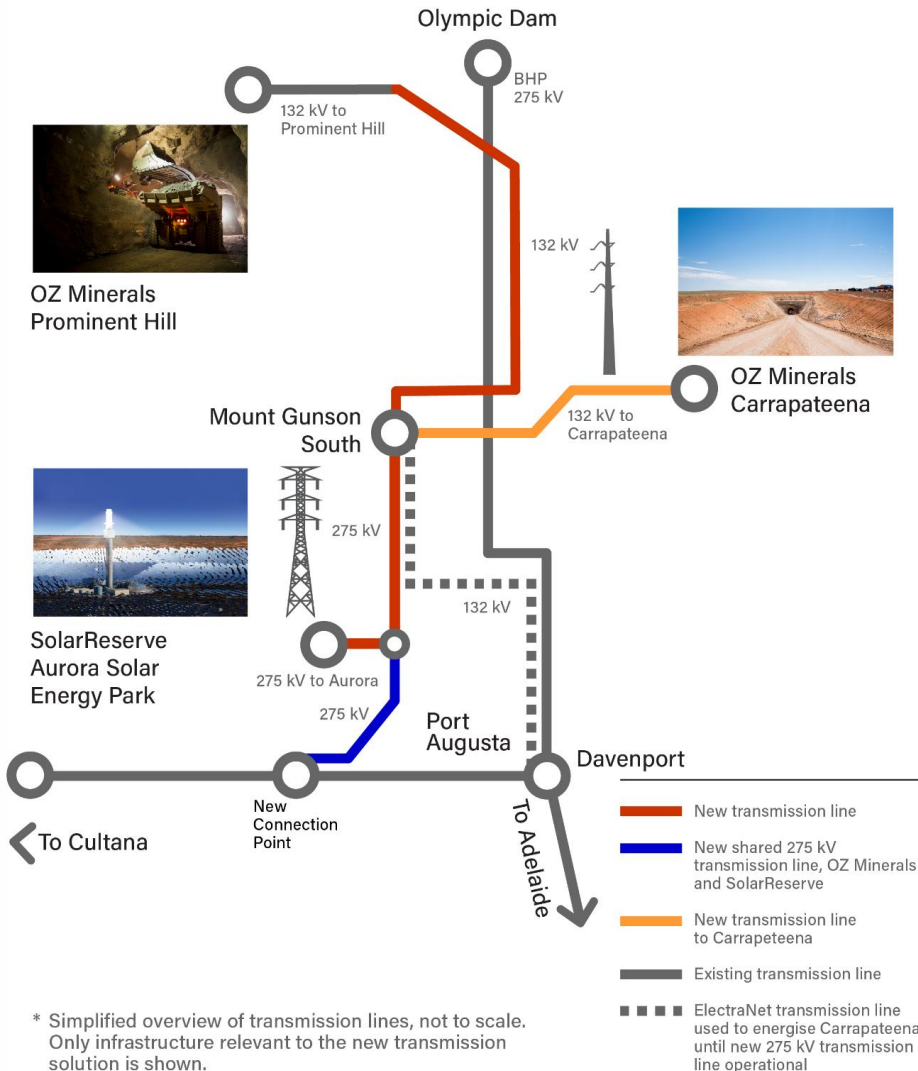
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# Strategic Projects Update

## POWER TRANSMISSION INFRASTRUCTURE



\* Simplified overview of transmission lines, not to scale. Only infrastructure relevant to the new transmission solution is shown.

## POWER STRATEGY

- / New 270 km, high voltage power line secures grid power supply to Prominent Hill
- / New line reduces Carrapateena operating cost and enables province expansion capacity
- / Underpinning agreements enable land access, construction and cost sharing
- / Energy saving initiatives underway at Prominent Hill and Carrapateena
- / Renewable energy initiatives considered include solar plant with battery power storage
- / Power Purchase Agreements to be reached in H2 2018

## CONCENTRATE TREATMENT PLANT

- / Range of new concentrates successfully run through pilot plant during March
- / Waste water treatment successfully integrated with the copper upgrade process
- / Port Augusta environmental baseline studies well advanced
- / Final engineering study phase now underway
- / Capital and operating cost focus through commercial strategy development

# Exploration and Growth

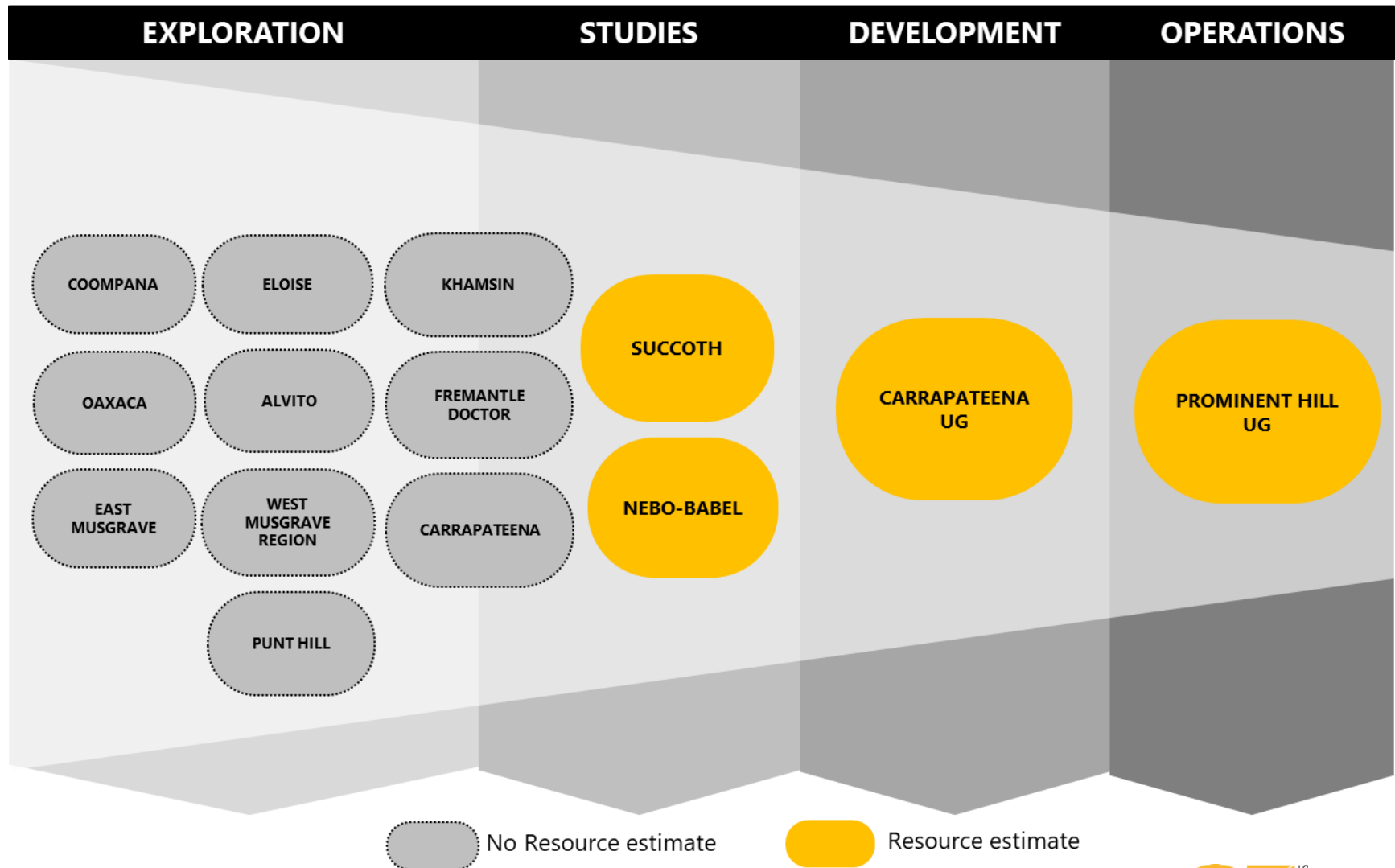
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# Exploration

Pipeline continues to evolve



# Eloise Project

## DRILL RIG ON SITE AT ELOISE



## OVERVIEW

- / Targeting Eloise style massive sulphides in partnership with Minotaur Exploration
- / 60km southeast of Cloncurry, Queensland
- / OZ Minerals acquired a 51% interest in Q1 and can earn up to 70% with an additional \$5 million spend

## PROGRESS TO DATE

- / Eight holes completed on the Jericho target, with all holes intersecting the targeted mineralised system
- / Infill EM program completed over Jericho prospect
- / 16.7 line km program completed in Q1
- / Station spacing reduced to 400m x 50m

## UPCOMING ACTIVITY

- / ~5,000m drill program commenced April 2018
- / Infill EM survey over regional targets (St Louis, Yukon Arlington and Defiance)

# Other Project Updates

## ALVITO BRECCIATED HOSTED COPPER (R)



## OAXACA COPPER MINERALISATION



## OAXACA

- / Local community support secured for drilling at Riqueza Marina
- / Additional mapping and geochemical sampling at Zaachilia outlined further copper mineralisation at surface

## ALVITO

- / Regional geologic mapping and potential field geophysics completed
- / 2,100m drill program to commence in April 2018 after prolonged wet season

## PUNT HILL

- / Discussions to obtain local level agreements with the traditional owners and landowners continued

## MT WOODS

- / Alliance ended after completed work on Prominent Hill district unsuccessful in identifying economic ISCG mineralisation
- / Review of previous targeting work and investigation of new exploration techniques in progress

# Guidance

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# Guidance

Guidance	2018	2019
<b>PROMINENT HILL:</b>		
Copper production <sup>1</sup>	100,000 – 110,000 tonnes	95,000 – 105,000 tonnes
Gold production <sup>1</sup>	120,000 – 130,000 ounces	100,000 – 110,000 ounces
Underground ore movement	2.8 – 3.1Mt	3.5 – 4.0Mt
Underground unit mining costs <sup>2</sup>	A\$45 – A\$55/tonne	
Underground capital expenditure	A\$50 – A\$60 million (inc. development)	
Growth capital expenditure	A\$20 – A\$25 million	
Site sustaining capital expenditure	A\$10 – A\$20 million	
All-in sustaining cost <sup>3</sup>	US 120c – US 130c/lb	
C1 costs <sup>3,4</sup>	US 75c – US 85c/lb	
<b>OTHER:</b>		
Carrapateena construction capital	Circa A\$500 million	
West Musgrave PFS (including exploration)	A\$20 – A\$30 million	
Carrapateena province expansion	A\$8 – A\$10 million	
Concentrate Treatment Plant studies	Up to A\$12 million	
Exploration	A\$10 – A\$15 million	

<sup>1</sup> These production targets must be read in conjunction with the production cautionary statement on slide 3

<sup>2</sup> Underground Unit Mining Costs include geology costs and exclude underground capital expenditure

<sup>3</sup> AUD/USD of 0.76 has been used in converting A\$ costs to US\$ for C1 and AISC guidance

<sup>4</sup> From 2018, C1 costs have been calculated to align with the Wood Mackenzie methodology, which excludes inventory movements