

13 October 2016

West Musgrave Project – Update

- OZ Minerals signs Joint Venture Agreement with Cassini Resources to earn up to 70 percent of the West Musgrave Project, consisting of two deposits located in central West Australia.
- Commencement of \$3 million scoping study to identify commercial pathway to begin mining Australia's largest undeveloped copper and nickel deposit.
- Study to focus on improvement in metallurgical recovery and operational scale to extract increased value from the resource.
- Will also include infrastructure and services economic analysis to best manage transport, power and water costs.

OZ Minerals and joint venture partner Cassini Resources (ASX: CZI), have launched a \$3 million scoping study of the West Musgrave copper and nickel deposits in West Australia.

The scoping study will set out both the appropriate size of any future mine along with the optimal infrastructure solutions to undertake the project.

It is expected to be completed in September 2017.

OZ Minerals CEO Andrew Cole commented: “Following on from our initial announcement in August we have now entered into a formal joint-venture agreement with Cassini Resources and will begin to map out how to best develop this high-class resource.

A key part of our initial scoping study is the development of a geometallurgical model for the Nebo-Babel deposit which will determine the scale of future mining operations to extract the best overall value.

The work will also include options around infrastructure for the site, drawing on OZ Minerals’ remote mining knowledge and expertise. The focus of both JV partners is to clearly set out in the scoping study the economic rationale for this project and how it can be built and operated.

The start of the scoping study now opens up the door for a major new asset to potentially be in place as early as 2020.”

Background

As part of the geometallurgical modelling, work will begin in November on a 700 metre PQ diamond core-drilling program. This will provide new samples for further metallurgical test work aimed at improving the recoveries of both copper and nickel at the Nebo-Babel deposits.

A RC drilling program will also be undertaken of potential high-grade extensions to the already estimated 200 million tonnes of resource at greater than 1.3 percent copper equivalent.¹

Located in central Western Australia, the West Musgrave project comprises the Nebo-Babel nickel and copper sulphide deposit and the Succoth copper deposit. If OZ Minerals elects to proceed, post the \$3 million scoping study, it will then commit \$15 million towards a Pre-Feasibility Study and \$4 million in further regional exploration to earn 51 percent of the project. An additional investment of \$10 million towards a Feasibility Study and another \$4 million for exploration will earn OZ Minerals a total of 70 percent.

The Nebo-Babel deposits lie close to surface (less than 50 metres) and are flat, shallow dipping ore bodies, with the higher grade mineralisation occurring at the top. Since 2000 the deposits have been subject to an estimated \$100 million of previously completed exploration studies including 307 drill holes (over 75,000m of drilling), metallurgical test work, environmental and scoping studies. An extensive regional exploration database will enable targets to be rapidly assessed and tested.

A copy of Cassini Resources announcement can be accessed at www.cassiniresources.com.au

Approach to joint ventures

Over the last year OZ Minerals has put in place five separate exploration joint venture partnerships with highly regarded explorers. These provide OZ Minerals with exploration expertise in specific geologies and locations. Our JV partners in turn access capital to undertake drilling programs. OZ Minerals typically works with its joint venture partners to oversee projects while they manage on the ground activities. OZ Minerals’ growth strategy involves building a pipeline of opportunities and rigorously progressing these. In line with our capital discipline strategy, if at any time it is determined that a project does not have the potential to generate substantial value, OZ Minerals will cease expenditure and withdraw from the arrangement.

For further information, please contact

Investors

Tom Dixon

T 61 8 8229 6628

M 61 450 541 389

tom.dixon@ozminerals.com

Media

Chris Fogarty

T 61 8 8229 6600

M 61 0420 928 824

chris.fogarty@ozminerals.com

¹ The ASX statement from OZ Minerals on 1st August 2016 details the inferred mineral resource estimate.