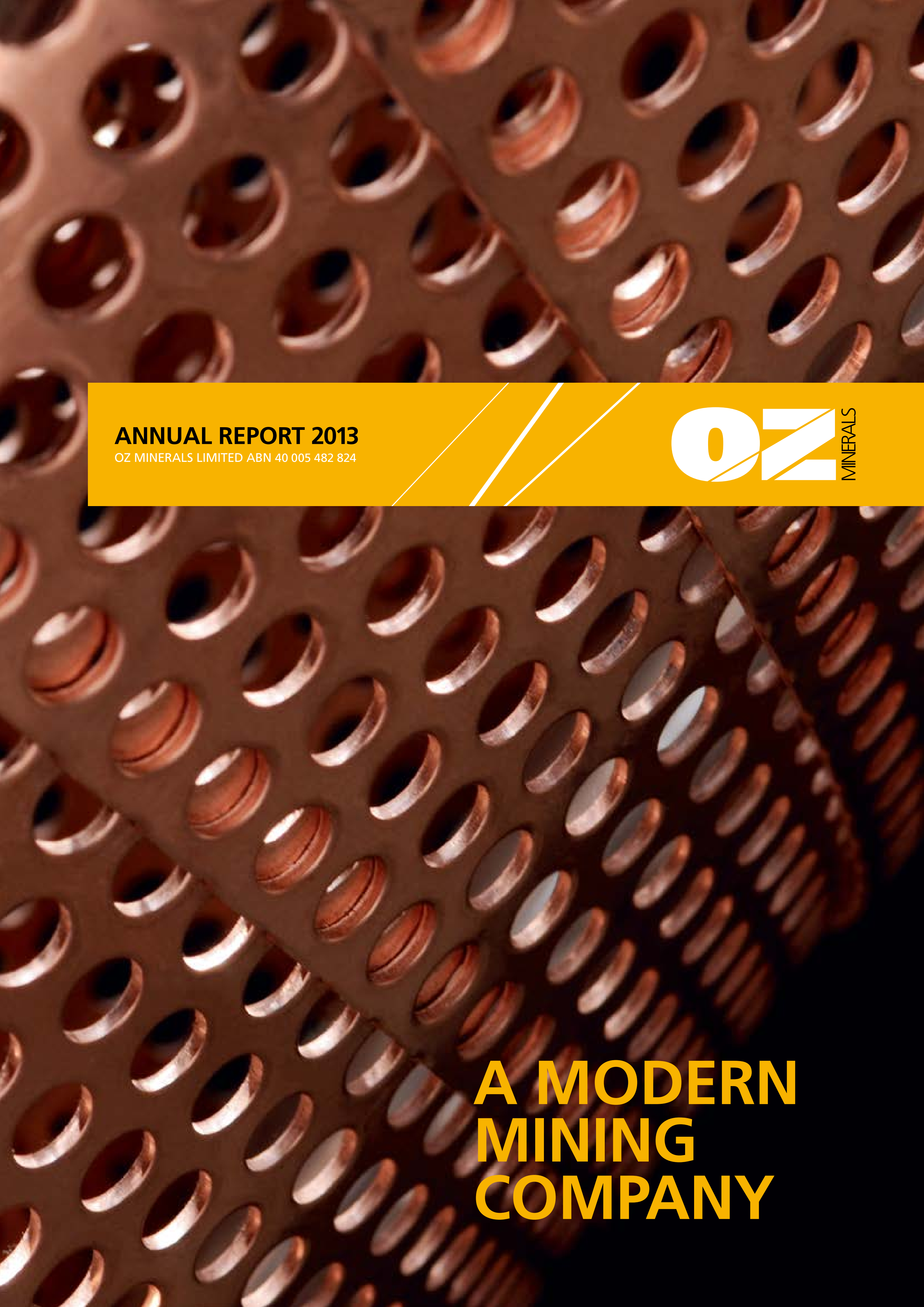


ANNUAL REPORT 2013

OZ MINERALS LIMITED ABN 40 005 482 824

A MODERN MINING COMPANY

A MODERN MINING COMPANY

OZ Minerals is an Australian based modern mining company with a focus on copper. OZ Minerals owns the Prominent Hill copper-gold mine and Carrapateena copper-gold project, both situated in South Australia. OZ Minerals' strategy is based on delivering superior shareholder returns built upon a foundation of Governance and Zero Harm, with the following five key elements: a focus on copper, maximising current assets, building a project pipeline, investing in exploration and exercising disciplined capital management. With an experienced team, a strong balance sheet and quality assets, OZ Minerals is well positioned for the future.

2013 SNAPSHOT

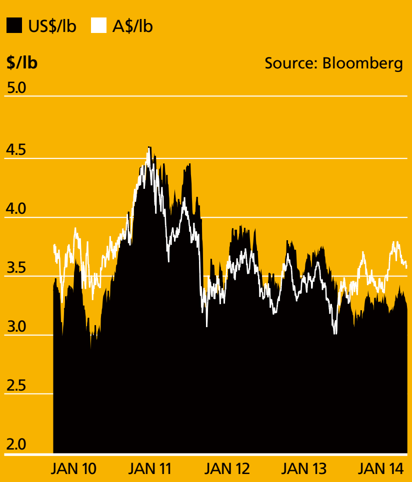
- Prominent Hill production of 73,362 tonnes of copper and 128,045 ounces of gold.
- 2014 production guidance of 75,000 to 80,000 tonnes of copper and 130,000 to 140,000 ounces of gold. Production outlook guidance announced until 2018.
- Successful first full year of production from the Ankata Underground mine, with 1.2 million tonnes of ore mined.
- Strong cash balance of $364 million at 31 December 2013 with undrawn debt facilities of US$200 million.
- Board approval to proceed with the development of the Malu Underground mine, with first ore expected in late 2014, extending Prominent Hill mine life.
- Improvement in safety performance, with the total recordable injury frequency rate reduced by 26 percent year-on-year.
- Continued successful exploration results at the Khamsin prospect near Carrapateena, indicating the potential for a copper-gold mineralised district.
- Total dividends in respect of 2013 of 20 cents per share ($60.6 million).

Full year financial results summary

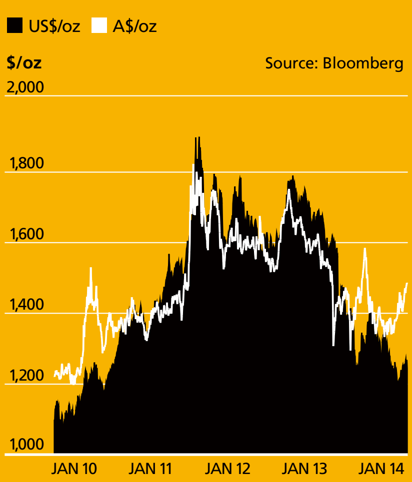
Year ended 31 December (A$ million)	2013	2012
Group revenue	**644.0**	**985.7**
Underlying EBITDA[1]	**115.8**	**353.9**
Depreciation and amortisation	(218.5)	(174.7)
Underlying EBIT[1]	**(102.7)**	**179.2**
Net financing income	7.0	19.9
Income tax benefit/(expense)	33.2	(47.1)
Underlying NPAT[1]	**(62.5)**	**152.0**
Impairment of assets, net of tax	(231.9)	–
NPAT	**(294.4)**	**152.0**
Dividends per share – unfranked (cents)	**20**	**30**

1. OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). This summary includes certain non-IFRS measures, including Underlying EBITDA, Underlying EBIT and Underlying NPAT. These measures are presented to enable understanding of the underlying performance of the Consolidated Entity without the impact of non-trading items such as write-down of assets. Non-IFRS measures have not been subject to audit or review. Underlying EBITDA, Underlying EBIT and Underlying NPAT are included in Note 3 Operating Segments, which form part of the Consolidated Financial Statements. Refer Note 3 Operating Segments to the Consolidated Financial Statements for further details.

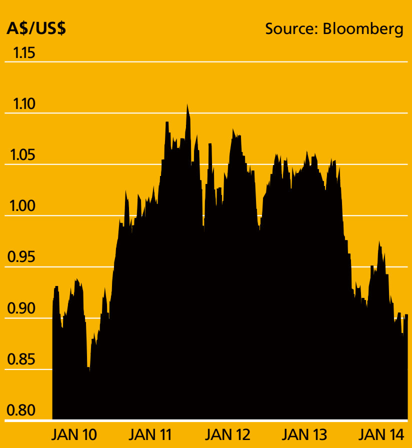
Copper price



Gold price



Foreign Exchange



CHAIRMAN AND CEO'S REVIEW

Dear Shareholder,

2013 was a year of investment at the Prominent Hill mine, with record waste movement in the Malu Open Pit, a successful first full year of production from the Ankata Underground mine and work towards development of a third ore source, the Malu Underground mine, which is beneath the Malu Open Pit.

The peak of our waste ore removal is now behind us, enabling the Company to forecast lower overall expenditure and improving production going forward. Prominent Hill is expected to produce each year for 2015 to 2018 in excess of 105,000 tonnes of copper and 105,000 ounces of gold in 2015, increasing to in excess of 120,000 ounces of gold from 2016 to 2018. This includes 10,000–20,000 tonnes of copper and 25,000–35,000 ounces of gold from the Malu Underground mine Resources per annum. (Refer to disclaimer on page 5.)

In December 2013, the decision to proceed with the Malu Underground mine was made to selectively target higher grade resources under the open pit. We are currently finalising an ore reserve evaluation for the new mine, which should be published by the end of the first half of 2014 and we expect to commence commissioning in late 2014.

At Carrapateena, we commenced work on a pre-feasibility study to determine a single option for full feasibility and project development. In early 2014, OZ Minerals commenced discussions with a number of parties that have shown interest in the project and may participate in the development of the project in the future. We also continued to have exploration success in the Carrapateena region. Significant drilling results received from our discovery Khamsin only ten kilometres from the Carrapateena deposit, indicate a potential for a large copper-gold system in the Carrapateena region.

In 2013, lower production and lower commodity prices resulted in an underlying EBITDA of $115.8 million and underlying NPAT loss of $62.5 million, from revenue of $644 million. In June 2013, asset write-downs of $231.9 million (net of tax) were recognised in relation to Prominent Hill assets, leading to an overall NPAT loss of $294.4 million for the full year.

At the end of 2013, OZ Minerals had a cash balance of $364 million and an undrawn bank debt facility of US$200 million.

During 2013, 73,362 tonnes of copper and 128,045 ounces of gold were produced from Prominent Hill. Early in the year, the Prominent Hill open pit operations were impacted by an overburden slip at the top of the south wall, which led to production challenges in stage three of the pit for most of the year. Full open pit access resumed in July.

In 2013, we continued our focus on a number of business improvement initiatives aimed at increasing productivity and reducing costs across the Company.

In respect of the financial year ended 31 December 2013, the Company has paid dividends totalling 20 cents per share. The dividends were paid outside of OZ Minerals' stated dividend policy, but reflects the Board's future confidence in the Company and is supported by the Company's strong cash position and balance sheet.

We are also pleased to report that there was a significant improvement in our safety performance in 2013, with a 26 percent improvement in the total recordable injury frequency rate over the year.

Finally, the Board announced its plans to embark on a staged succession planning process for the role of Managing Director and Chief Executive Officer. This process will take place over the remainder of the year in order to facilitate an orderly leadership change.

We encourage you to read the Operating and Financial Review on page 28 of this report, which includes detailed information on our operation and financial results for 2013.

Neil Hamilton
Chairman

31 March 2014

Terry Burgess
Managing Director and
Chief Executive Officer

31 March 2014

PROMINENT HILL OPERATIONAL SUMMARY

2013 was a year of investment in the future of Prominent Hill, achieving a record amount of material moved in the Malu Open Pit mine and a focus on efficiencies across the operation.

LOCATION
650 kilometres north-west of Adelaide, 130 kilometres south-east of the town of Coober Pedy in South Australia.

PRODUCT
Copper concentrate (containing gold and silver).

MINING METHOD
Open pit and underground mine.

PROCESSING METHOD
Conventional crushing, grinding and flotation.

2013 PRODUCTION
73,362 tonnes contained copper;
128,045 ounces contained gold.

2014 PRODUCTION GUIDANCE
75,000 tonnes to 80,000 tonnes copper and 130,000 ounces to 140,000 ounces gold.

RESOURCES
186Mt @ 1.1% copper, 0.7 g/t gold (2.0Mt copper, 3.9Moz gold)*.

RESERVES
67Mt @ 1.0% copper, 0.6 g/t gold (652kt copper, 1.2Moz gold)*.

SALES
Prominent Hill concentrates are sent to customers via rail to Port Adelaide and then by ship to customers in Asia and Europe.

*See pages 8–10 for full disclosure.

In 2013, the Prominent Hill operation produced 73,362 tonnes of copper and 128,045 ounces of gold. 2013 saw the peak of waste movement for the Malu Open Pit mine, which was in line with the mine plan. Planned waste movement will be progressively lower over the remaining pit life.

The Ankata Underground mine successfully completed its first full year of production, and the Board approved the future development of the Malu Underground mine, potentially extending the life of the Prominent Hill mine.

Following an overburden slip in the Malu Open Pit mine, the affected area was remediated and focus was placed on regaining and improving efficiency.

Detailed information on the Prominent Hill operation can be found in the Operating and Financial Review on pages 30–31.

Future production outlook
In December 2013, OZ Minerals announced its future production outlook for the Prominent Hill operation.

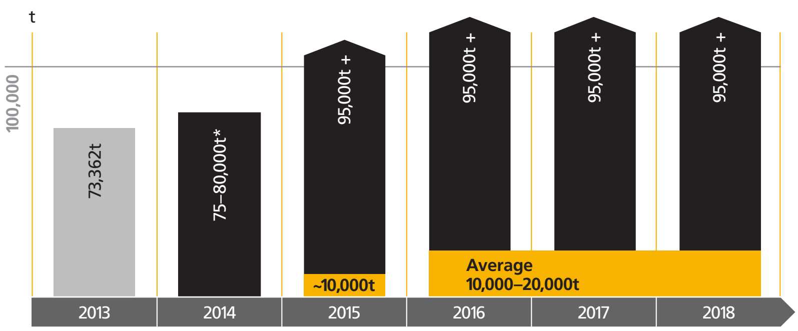
Production in 2014 is expected to be 75,000 to 80,000 tonnes of copper and 130,000 to 140,000 ounces of gold as mining moves progressively back towards the core of the orebody**. This includes approximately 4,000 tonnes of copper and 3,500 ounces of gold from the Malu Underground mine, which is expected to commence commissioning in late 2014**.

Copper production from the Malu Open Pit mine and Ankata Underground mine for 2015 to 2018 is expected to be at least 95,000 tonnes per annum, based solely on Reserves, with an additional 10,000–20,000 tonnes expected from the Malu Underground mine Resources per annum**. Gold production, also based only on Reserves, is expected to be in excess of 95,000 ounces per annum, with an additional 25,000–35,000 ounces expected from the Malu Underground mine Resources per annum**.

**See disclaimer on page 5.

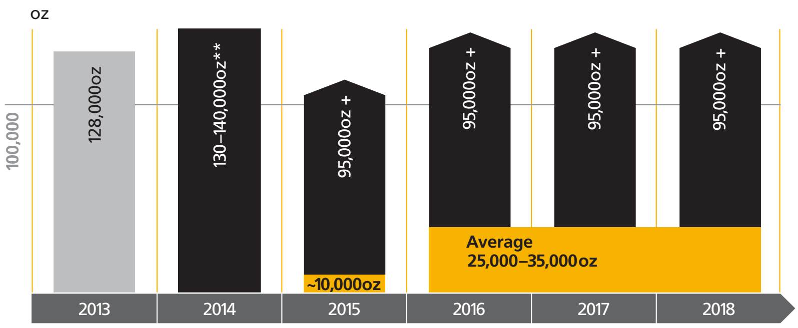
Prominent Hill copper production outlook[1]

Actual production
Malu Open Pit and Ankata Underground forecast production
Malu Underground production[2]
*includes approximately 4,000 tonnes from Malu Underground in 2014



Prominent Hill gold production outlook[1]

Actual production
Malu Open Pit and Ankata Underground forecast production
Malu Underground production[2]
**includes approximately 3,500 ounces from Malu Underground in 2014

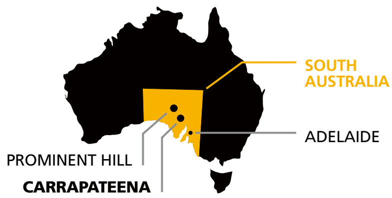


Disclaimers

1. The information that relates to Prominent Hill future production outlook is extracted from the report entitled 'Prominent Hill Reserves and Resources and Production Outlook' released to the market on 11 December 2013 ('PHRR') and is available at www.ozminerals.com/operations/resources--reserves.html. The Company confirms that it is not aware of any new information or data that materially affects the information included in the PHRR and that all material assumptions and technical parameters underpinning the estimates in the PHRR continue to apply and have not materially changed.
2. This production target for Malu Underground is based on the Company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. It is based on the Company's current understanding of the Resource. The Malu Underground Resource is based on measured, indicated and inferred Resources. 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 target itself will be realised. The Company has not yet completed the necessary technical studies to determine an ore reserve, and the production target should not be misconstrued as an ore reserve. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met, and an ore reserve evaluation is expected to be made in the first half of 2014.

CARRAPATEENA PROJECT SUMMARY

Carrapateena is a very significant copper-gold resource, located in a highly favourable mining jurisdiction, with the potential for a long mine life.



LOCATION
250 kilometres south-east of Prominent Hill, 130 kilometres north of the regional centre of Port Augusta, in South Australia.

DEPOSIT
Iron oxide copper-gold deposit.

STATUS
Advanced exploration project, pre-feasibility study due to be completed first half 2014.

RESOURCES
Total Indicated and Inferred Resources (at a 0.3 percent copper cut-off) of 800Mt @ 0.8% copper and 0.3g/t gold for 6.3Mt copper and 8.4Moz of gold*.

*See page 9 for full disclosure.

The Carrapateena copper-gold project, in South Australia, continues to demonstrate its value. The iron oxide copper-gold deposit, of a similar style to Prominent Hill, is located in an area that is demonstrating potential to host further deposits.

OZ Minerals is currently undertaking a pre-feasibility study to determine the potential of mining this deposit in the future. The Carrapateena pre-feasibility study aims to determine a single option for project development to take to a full feasibility study.

OZ Minerals has commenced discussions with parties who may be interested in participating in the Carrapateena project in the future.

Exploration

In 2014, OZ Minerals' exploration program will remain focused on the Carrapateena region, with expenditure of approximately $15 million to occur at the Khamsin and Fremantle Doctor prospects.

Since its discovery in late 2012, the Khamsin prospect, located 10 kilometres north-west of Carrapateena, has continued to return significant results, indicating a potential large copper-gold system with similar characteristics to Carrapateena. The aim is to estimate an initial resource for Khamsin by mid 2014.

Detailed information on the Carrapateena project can be found in the Operating and Financial Review on pages 31–33.

SUSTAINABILITY

Our successes as a modern mining company are created by positively contributing to our people, our community and the environment.

LEADING MY CAREER

OZ Minerals has targets to increase female representation to 25 percent across every level within the Company. OZ Minerals recognises that in order for women to reach senior management positions, they must be supported during each stage of their career.

To facilitate this, OZ Minerals runs an award winning career development program specifically for women to provide training and mentoring, called Leading My Career. This program is run in conjunction with Beach Energy, an Adelaide-based oil and gas company, and Thiess, our major open pit mining contractor.

Leading My Career partners high-performing women with a senior mentor, including members of the Board of Directors, Executive Committee and general management of the participating organisations. Through a structured program, participants develop crucial skills to act on their career goals.

The majority of participants have moved into more senior roles following the program.

OZ Minerals' safety performance in 2013 continued the year-on-year improvement achieved since 2010. Our total recordable injury frequency rate (TRIFR) per one million hours reduced significantly from 10.49 in 2012 to 7.69 in 2013, while the lost time injury frequency rate (LTIFR) also decreased from 1.46 to 0.96. There were no permanent or serious disabling injuries for the year.

OZ Minerals continued to implement its safety improvement strategy over the year, and was pleased to see significant progress in safety performance. OZ Minerals has continued a number of initiatives to develop a robust safety culture where our workforce feels empowered to raise safety issues before there is potential for an incident.

A significant focus during 2013 was placed on identifying incidents that had potential to cause more serious consequences and eliminating the root cause to prevent their reoccurrence. These are known as high-potential incidents. OZ Minerals' intention is to promote the identification and elimination of high-risk situations, educate the workforce of these risks and prevent incidents that can cause harm.

OZ Minerals continued to work towards its diversity targets. Three of the five job bands have achieved the company-wide target of 25 percent female representation. Females currently constitute 23 percent of OZ Minerals employees.

OZ Minerals provides sponsorships to sustainable locally driven initiatives in communities close to its operations. OZ Minerals' main sponsorships include the Royal Flying Doctors Service (RFDS), Sight for All Foundation, the School of the Air (SOTA), the Remote & Isolated Children's Exercise Inc. (RICE), the South Australian Living Arts Festival (SALA) OZ Minerals Copper Sculpture Award, as well as local events and sporting groups.

In 2013, we had no significant community or environmental incidents.

RESOURCES AND RESERVES

Prominent Hill 2013 Mineral Resources Summary

For a full copy of the Prominent Hill Resources and Reserves statement, please visit www.ozminerals.com.

The 2013 Resources for the Malu Open Pit and Ankata Underground were largely maintained after accounting for mining depletion.

The total Prominent Hill Mineral Resource at 30 June 2013 was 186Mt at 1.1 percent copper and 0.7g/t gold for 2.0Mt of contained copper and 3.9Moz of contained gold.

For the underground Resources (Malu Underground, Ankata and Kalaya), there was an increase in the cut-off grade from 0.5 percent Cu to 0.9 percent CuEq (copper equivalent) to better reflect the mining and operational costs for the sub-level open stoping mining method. The Malu Underground and Kalaya Resources decreased as a result of the increase in the cut-off grade. The impact of the cut-off grade on the Ankata Underground Resource was less due to its higher grade.

The 2013 Resources for the Malu Open Pit and Underground were based on an updated model replacing the previous 2012 models. This model was developed after a detailed review, over the past year, of new resource delineation drilling from below the open pit, geochemical review and learnings from open pit mining, including information at the periphery of the orebody. The updated model also contributed to the reduction in Malu Underground Resources. The Ankata Underground model was also updated based on further drilling. There was no re-estimation or re-modelling of the Kalaya Underground Resources with no new drilling data or geological interpretation.

Prominent Hill Copper-Gold Mineral Resource – June 2013

	Tonnes (Mt)	CuEq %	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
Malu Open Pit[1] 0.3% Cu cut-off								
Measured	14	N/A	1.5	0.5	3.8	208	0.2	1.7
Indicated	25	N/A	1.1	0.5	2.9	274	0.4	2.3
Inferred	4	N/A	0.9	0.2	2.5	36	0.0	0.3
Total	**43**	**N/A**	**1.2**	**0.5**	**3.2**	**519**	**0.6**	**4.4**
Malu Underground[2] 0.9% CuEq cut-off[5]								
Measured	2	1.9	1.8	0.3	4.2	35	0.0	0.3
Indicated	33	1.5	1.2	0.6	2.8	396	0.7	3.0
Inferred	32	1.5	1.2	0.6	3.0	385	0.6	3.1
Total	**67**	**1.5**	**1.2**	**0.6**	**3.0**	**815**	**1.3**	**6.4**
Kalaya Underground[3] 0.9% CuEq cut-off[5]								
Measured	0	0.0	0.0	0.0	0.0	0	0.0	0.0
Indicated	0	0.0	0.0	0.0	0.0	0	0.0	0.0
Inferred	35	1.5	1.3	0.5	2.1	442	0.5	2.3
Total	**35**	**1.5**	**1.3**	**0.5**	**2.1**	**442**	**0.5**	**2.3**
Ankata Underground[4] 0.9% CuEq cut-off[5]								
Measured	8	2.7	2.4	0.5	3.6	190	0.1	0.9
Indicated	1	2.8	2.6	0.4	5.6	16	0.0	0.1
Inferred	1	1.8	1.8	0.1	4.4	14	0.0	0.1
Total	**9**	**2.6**	**2.4**	**0.4**	**3.8**	**221**	**0.1**	**1.1**
Surface Stocks								
Measured	1	N/A	0.7	0.3	2.9	7	0.0	0.1
Total								
Measured	25	N/A	1.8	0.5	3.7	440	0.4	3.0
Indicated	58	N/A	1.2	0.6	2.9	686	1.1	5.4
Inferred	72	N/A	1.2	0.5	2.5	878	1.1	5.8
Total	**155**	**N/A**	**1.3**	**0.5**	**2.9**	**2,004**	**2.6**	**14.3**

Prominent Hill Gold Mineral Resource – June 2013

	Tonnes (Mt)	CuEq %	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
Malu Open Pit[1] 0.5 g/t Au cut-off Below 0.3% Cu								
Measured	1	N/A	0.1	1.5	2.1	1	0.1	0.1
Indicated	12	N/A	0.1	0.9	1.3	7	0.4	0.5
Inferred	1	N/A	0.0	0.7	1.0	0	0.0	0.0
Total	**14**	**N/A**	**0.1**	**1.0**	**1.3**	**8**	**0.5**	**0.6**
Malu Underground[2] 0.9% CuEq cut-off[5]								
Measured	0	0.0	0.0	0.0	0.0	0	0.0	0.0
Indicated	2	1.3	0.5	1.8	1.7	10	0.1	0.1
Inferred	2	1.4	0.4	2.2	1.4	6	0.1	0.1
Total	**4**	**1.4**	**0.4**	**2.0**	**1.6**	**16**	**0.2**	**0.2**
Kalaya Underground[3] 0.9% CuEq cut-off[5]								
Measured	0	0.0	0.0	0.0	0.0	0	0.0	0.0
Indicated	0	0.0	0.0	0.0	0.0	0	0.0	0.0
Inferred	6	1.3	0.0	2.6	0.7	3	0.5	0.1
Total	**6**	**1.3**	**0.0**	**2.6**	**0.7**	**3**	**0.5**	**0.1**

Prominent Hill Gold Mineral Resource – June 2013 continued

	Tonnes (Mt)	CuEq %	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
Ankata Underground[4] 0.9% CuEq cut-off[5]								
Measured	0	0.0	0.0	0.0	0.0	0	0.0	0.0
Indicated	0	0.0	0.0	0.0	0.0	0	0.0	0.0
Inferred	0	0.0	0.0	0.0	0.0	0	0.0	0.0
Total	**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0**	**0.0**	**0.0**
Surface Stocks								
Measured	6	N/A	0.1	0.8	2.3	6	0.2	0.5
Total								
Measured	8	N/A	0.1	0.9	2.3	7	0.2	0.6
Indicated	14	N/A	0.1	1.1	1.3	16	0.5	0.6
Inferred	8	N/A	0.1	2.4	0.9	10	0.6	0.2
Total	**31**	**N/A**	**0.1**	**1.4**	**1.4**	**33**	**1.4**	**1.4**

1. Within Ore Reserves final pit design.
2. Outside of Ore Reserves final pit design and east of 55300mE.
3. Outside of Ore Reserves final pit design and west of 55300mE (excluding Ankata Resource).
4. Ankata Resource.
5. Copper equivalent (CuEq) calculation can be found under 'Cut-off parameters' in Section 3 of Prominent Hill Mineral Resources and Ore Reserves Statement as at 30 June 2013, which was released to the market on 11 December 2013 and is available at www.ozminerals.com/operations/resources--reserves.html. Copper-gold Resources are defined only within copper domains and gold Resources are defined only within gold domains.

Competent Persons Statement – Resources

Prominent Hill Mineral Resources

The information set out in this table is a summary of information relating to Prominent Hill Mineral Resources set out in the Prominent Hill Mineral Resources and Ore Reserves Statement as at 30 June 2013, which was released to the market on 11 December 2013 and is available at www.ozminerals.com/operations/resources--reserves.html. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant 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.

The information in this Annual Report that relates to Prominent Hill Mineral Resources is based on and fairly represents information and supporting documentation compiled by Colin Lollo, a Competent Person, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 225331). Colin Lollo is a full time employee of OZ Minerals Limited. He is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights Plan (details of the plan are included in note 33 of the OZ Minerals Annual Report 2013). Colin Lollo has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Colin Lollo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Carrapateena 2013 Mineral Resources summary

For a full copy of the Carrapateena Mineral Resource statement, please visit www.ozminerals.com.

Since the estimation of the 2012 Resource for Carrapateena, drilling focused on the lower part of the deposit, and the Resource estimated in the 2013 update increased from 760Mt to 800Mt.

In the 2013 Resource, an additional seven holes (including five wedged holes) totalling 11,187m were included in the data modelling, bringing the total number of holes and metres drilled and intersecting mineralisation to 100 holes and 65,690m respectively.

Total Indicated and Inferred Resources (at a 0.3 percent copper cut-off) have increased from 760Mt at 0.8 percent copper and 0.3g/t Au for 5.9Mt of contained copper and 7.3Moz of contained gold to 800Mt at 0.8 percent copper and 0.3g/t gold for 6.3Mt copper and 8.4Moz of gold, reflecting:

• an increase in tonnage of 5 percent;
• an increase in contained copper of 7 percent; and
• an increase in contained gold of 14 percent.

The increase is mainly attributable to the additional drilling information, which has allowed geologists to better understand and interpret the deeper parts of the deposit and extend the envelope of the copper mineralisation.

Carrapateena Mineral Resources – June 2013[1]

	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	U (ppm)	Density (t/m^3)	Cu (Mt)	Au (Moz)	Ag (Moz)
Indicated	356	1.0	0.4	4.3	191	3.49	3.7	4.9	50
Inferred	444	0.6	0.2	2.4	126	3.44	2.6	3.5	35
Total	**800**	**0.8**	**0.3**	**3.3**	**155**	**3.47**	**6.3**	**8.4**	**84**

1. Based on 0.3 percent copper cut-off grade.

Competent Persons Statement – Resources

Carrapateena Mineral Resources

The information set out in this table is a summary of information relating to Carrapateena Mineral Resources set out in the Annual Carrapateena Resource Update and Mineral Resource Explanatory Notes as at 30 June 2013, released to the market on 28 November 2013 and is available at www.ozminerals.com/operations/resources--reserves.html. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant 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.

The information in this Annual Report that relates to Carrapateena Mineral Resources is based on and fairly represents information compiled by Stuart Masters, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 108430). Stuart Masters is a full time employee of CS-2 Pty Ltd and is a consultant to OZ Minerals Limited. Stuart Masters has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Stuart Masters consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Prominent Hill 2013 Ore Reserves Summary

For a full copy of the Prominent Hill Resources and Reserves statement, please visit www.ozminerals.com.

The Ore Reserve at 30 June 2013 was 67Mt at 1.0 percent copper and 0.6g/t gold for 652kt of contained copper and 1.2Moz of contained gold. The Malu Open Pit Reserve was largely unchanged from the 2012 Reserve after accounting for mining depletion. The Ankata Underground Reserve did not change from that of 2012, with additions from diamond drilling replacing ore mined. Reconciliation of contained copper and gold at Prominent Hill remained positive, with the metal mined and processed consistently exceeding predictions of the Resource model.

Malu Open Pit Ore Reserves – June 2013

	Tonnes (Mt)	Cu (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
Copper ores							
Proved	16	1.3	210	0.4	200	3.4	1,800
Probable	27	1.0	270	0.5	400	2.7	2,300
Gold ores							
Proved	7	0.1	10	0.9	200	2.4	600
Probable	8	0.1	10	1.0	300	1.9	500
All Ores							
Proved	24	0.9	220	0.6	400	3.1	2,300
Probable	35	0.8	280	0.6	700	2.5	2,800
Total	**59**	**0.8**	**500**	**0.6**	**1,100**	**2.7**	**5,100**

Ankata Ore Reserves – June 2013

	Tonnes (Mt)	Cu (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
Proved	7.4	2.0	150	0.4	90	2.9	700
Probable	0.1	1.4	2	0.4	2	1.6	7
Total	**7.5**	**2.0**	**152**	**0.4**	**92**	**2.9**	**707**

Prominent Hill Ore Reserves Combined – June 2013

	Tonnes (Mt)	Cu (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
Proved	31.4	1.2	370	0.5	490	3.0	3,000
Probable	35.1	0.8	282	0.6	702	2.5	2,807
Total	**66.5**	**1.0**	**652**	**0.6**	**1,192**	**2.7**	**5,807**

Competent Persons Statement – Reserves

The information set out in this table that relates to Prominent Hill Ore Reserves is a summary of information relating to Ore Reserves set out in the Prominent Hill Mineral Resources and Ore Reserves Statement as at 30 June 2013, which was released to the market on 11 December 2013 and is available at www.ozminerals.com/operations/resources--reserves.html. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant 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.

The information in this Annual Report that relates to Prominent Hill Ore Reserves is based on and fairly represents information compiled by Justin Taylor BEng (Min), a member of the Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 307796). Justin Taylor is a full time employee of OZ Minerals Limited. He is a shareholder in OZ Minerals Limited and is entitled to participate in the OZ Minerals Performance Rights Plan (details of the plan are included in note 33 of the OZ Minerals Annual Report 2013). Justin Taylor has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Justin Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Governance arrangements

OZ Minerals has a longstanding Mineral Resource and Ore Reserve Policy, which establishes company-wide consistency, rigour and discipline in the preparation and reporting of Mineral Resources and Ore Reserves in accordance with industry best practice. The policy sets out:

- Reporting requirements.
- Review and approval requirements.
- Company standards.
- Accountabilities in relation to the assumptions and estimates used for Mineral Resource and Ore Reserve calculations; review, implementation and compliance with the policy; and delivery of Mineral Resource and Ore Reserve estimates and findings to the Board.

Updates to Mineral Resource and Ore Reserve estimates compiled during 2013 were completed in accordance with the guiding principles contained within the policy, suitably modified to meet current company structures, delegated authorities and estimate requirements.

This included:

- Reporting in compliance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition).
- Suitably qualified and experienced Competent Persons.
- All Mineral Resource and Ore Reserve estimates being subject to internal and external review and independent review by suitably qualified practitioners, inclusive of the Competent Persons.
- Approval by the Board of the Mineral Resources and Ore Reserves estimates prior to release to the market.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to following the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (ASX Recommendations). The Board and Management regularly review the Company's policies and practices to ensure that the Company continues to maintain and improve its governance standards by following the eight ASX Corporate Governance Principles detailed below.

Details of the main policies of corporate governance adopted by the Company and referred to in this statement and the Board Charter are available on the Company's website www.ozminerals.com in the Corporate Governance section.

Principle 1: Lay solid foundations for management and oversight

The Board has adopted a Charter that sets out the specific powers and responsibilities that have been delegated to the Company's Executive Committee ('EXCO') and the executive management team and those that it has reserved for itself. The Board Charter is available on the Company's website. EXCO, led by the Managing Director and Chief Executive Officer ('MD&CEO'), is responsible for the leadership and management of the Company as a whole. EXCO performs its role in consultation with, and obtains guidance from, the Board and the Board Committees.

In addition to attending the regular Board and Committee meetings, the Directors allocate time for strategy and risk review sessions and for inspecting the operations of the Company. Directors receive a comprehensive monthly performance report, in a format determined by the Board, from the MD&CEO and Directors are briefed regularly by EXCO and members of the executive management team and other senior managers. Time is also allocated through the year for continuing education on significant issues facing the Company and changes to the regulatory environment.

The Chairman communicates regularly with the MD&CEO to review strategic and business issues and to agree upon Board meeting agendas.

The Company also has in place a Delegated Authorities Manual which is approved by the Board and circulated throughout the Company that makes clear to every employee what is or is not within the scope of their authority.

Assessing senior executive performance

In accordance with clause 6.5 of its Charter, each year the Board approves the criteria for assessing the performance of the MD&CEO, and the executive management team.

The performance of the MD&CEO and the executive management team was reviewed and evaluated during 2013. During the year the Board established key performance indicators for Mr Terry Burgess to reflect the challenges of the organisation. The Board reviewed the MD&CEO's performance against these performance criteria in December 2013. The performance reviews of the executive management team are conducted regularly during the year by the MD&CEO, with a formal process conducted once a year.

Details of how the Company assesses the performance of the MD&CEO and the executive management team are set out in the Remuneration Report on pages 47 to 66.

Principle 2: Structure the Board to add value

Board composition

The Board strives to ensure that it is comprised of a diverse selection of strongly performing individuals of utmost integrity whose complementary skills, experience, qualifications and personal attributes are suited to the Company's needs. OZ Minerals' Board currently comprises seven Directors – one executive Director being the MD&CEO, and six Non-Executive Directors ('NEDs'). The Company's Constitution provides for a minimum of three, and a maximum of fifteen Directors.

A profile of each Director is set out in the Directors' Report.

Independence

The Board is comprised of a majority of independent NEDs. All NEDs, including the Chairman whose role is separate to the MD&CEO, are independent and free of any relationship which may conflict with the interests of the Company. In order to ensure that any 'interests' that a Director has in a matter to be considered by the Board are known by each Director, each Director has contracted with the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest. Each Director is required by the Company to declare on an annual basis that they satisfy the independence criteria set out in the Board Charter and to disclose any related financial interests or details of other interests in the Company. At the beginning of each Board Meeting, Directors are requested to report whether there are any conflicts that other Directors should be made aware. The Board is also guided by the OZ Minerals Director's Conflicts of Interest Policy which provides a framework to assist Directors in managing and disclosing any conflicts of interest that may arise.

Selection and appointment of Directors

The Board, with the assistance of the Nomination and Board Governance Committee, regularly reviews its membership to ensure that it has the appropriate mix of diversity, skills and experience required to meet the needs of the Company. When a Board position becomes vacant or additional Directors are required, external professional advisers are engaged to assist with identifying potential candidates to ensure that a diverse range of candidates is considered.

Retirement and re-election of Directors

In accordance with the ASX Listing Rules and the Company's Constitution, no Director may hold office without re-election beyond the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election, however the Board will review and assess the performance of a retiring Director before giving a recommendation on whether a retiring Director should be re-elected.

The Company's Constitution also requires that Directors, excluding the MD&CEO who have been appointed by the Board must retire and stand for re-election at the next annual general meeting following their appointment.

During 2013, Mr Paul Dowd and Mr Charles Lenegan were re-elected as Directors of the Company and Mr Barry Lavin resigned from the Board.

Director induction and education

The Company has a process to educate Directors about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning the performance of Directors.

It has been the practice of Directors to visit the Company's mining operations and regularly meet with management to gain a better understanding of the business. During 2013, all Directors visited the Prominent Hill site at least once.

New Directors receive a letter of appointment which outlines their main responsibilities together with an Induction Pack that provides new Directors with a broad range of information about the Company.

Independent professional advice and access to Company information

Directors have a right of access to all relevant Company information and to the Company's Executives and, subject to prior consultation with the Chairperson, may seek independent advice from a suitably qualified advisor at the Company's expense.

Evaluating Board and Committee performance

The Board, with the assistance of the Nomination and Board Governance Committee, regularly monitors its performance and the performance of the Directors and Committees throughout the year and conducts a review of their performance on an annual basis. This may occur through a process of internal review led by the Chairman, or, be performed with the assistance of external advisers as considered appropriate. In accordance with this approach and on the basis that the 2012 full year review was undertaken with the assistance of an independent external third party facilitator, the 2013 Board review process was led by the Chairman based on interviews with each of the Directors.

The outcomes of the review were discussed and considered by all the Directors and specific performance goals agreed upon for the coming year. The Board also reviewed the performance of Mr Dean Pritchard and Ms Rebecca McGrath who are standing for re-election at the May 2014 Annual General Meeting.

Board Committees

The standing Committees of the Board are the Audit Committee, the Sustainability Committee, the Human Resources and Remuneration Committee and the Nomination and Board Governance Committee. Each Committee is entitled to the resources and information it requires to carry out its duties, including direct access to advisers and employees. Committee papers and minutes of Committee meetings are circulated to all Directors and any Director is welcome to attend any meeting. Each Committee reports its deliberations to the next Board Meeting.

The Committee Charters and the membership details of each Committee can be located on the Company's website. Details of the number of Board and Committee meetings held during the year, and each Director's attendance at those meetings are set out in the Directors' Report.

Principle 3: Promote ethical and responsible decision making

The Board and the Company's employees are expected to uphold the highest levels of integrity and professional behaviour in their relationships with all of the Company's stakeholders. The Company has developed a number of codes and policies to help Directors and employees understand what is expected of them. Below is a summary of the Company's core codes and policies which apply to Directors and employees. All policies are available on the Company's website.

Code of Conduct

The Code of Conduct describes standards for appropriate ethical and professional behavior for all Directors, employees and contractors working for the Company. The Code of Conduct, which is reviewed regularly by the Board, requires all Directors, employees and contractors to conduct business with the highest ethical standards including compliance with the law and to report any interest that may give rise to a conflict of interest. Breaches of the Code of Conduct are taken seriously by the Company and may be reported using the Company's Whistleblower Program. The Code of Conduct is made available to all employees and employees are made aware of the Code of Conduct through regular training programs. In addition to the Code of Conduct, the Company also has an Anti-Bribery and Corruption Policy which aims to ensure that all employees observe and comply with anti-bribery and anti-corruption laws and regulations.

Values

The Company has also implemented a set of Values designed to guide the Directors and all employees in their day-to-day dealings with each other, competitors, customers and the community. The Values established are Respect, Integrity, Action and Results.

Whistleblower Policy

The Company is committed to ensuring the Company's employees and contractors can raise concerns regarding illegal conduct or malpractice in good faith without being subject to victimisation, harassment or discriminatory treatment, and to have such concerns properly investigated. The Whistleblower Policy, which is reviewed regularly, provides a mechanism by which all employees can confidentially report improper or illegal conduct without fear of discrimination. Where the complaint relates to suspected improper or illegal conduct of the MD&CEO or any other member of EXCO, the matter must be reported to the Chairman of the Board and the Chairman of the Audit Committee.

Trading in the Company's shares

To safeguard against insider trading the Company's Securities Trading Policy prohibits Directors and employees from trading the Company's securities if they are aware of any information that would be expected to have a material effect on the price of Company securities.

The policy, which was last revised in February 2014, establishes 'blackout periods' during which Directors and employees must not trade in the Company's securities and it also prevents Directors, Executives and Employees from entering into any hedging arrangements over unvested securities issued pursuant to any share scheme, performance rights plan or option plan. In addition the policy prevents participants in the Company's Long Term Incentive Plan from entering into financial arrangements such as margin loans, stock lending or any other arrangements involving OZ Minerals securities where a lender (or other third party) is granted a right to sell (or compel the sale of) all or party of an employee's OZ Minerals securities.

Diversity Policy

The Company believes that embracing diversity, by providing fair and equal access for employees to all employment opportunities, inevitably leads to a more effective workplace. The Company's approach to achieving diversity objectives is outlined in the Diversity Policy. The Diversity Policy has a particular focus on further improving gender diversity within the Company through an active attraction, engagement and retention strategy. This policy also outlines the Company's overall commitment to establishing programs and setting measurable targets to develop a diverse workforce that is representative of the broader society. The Board with the assistance of the Human Resources and Remuneration Committee is overseeing the implementation and approval of programs and measurable targets which are set out in more detail below.

Improving Female Representation

In an industry with historically low numbers of women, OZ Minerals has a targeted strategy to increase the representation of women at every level within the Company.

Females currently constitute 23 percent of the OZ Minerals employees and 14 percent of our Prominent Hill workforce.

Responsibility for our strategic approach to diversity lies with the OZ Minerals Board through the Human Resources and Remuneration Committee and the Sustainability Committee. Responsibility for performance against diversity goals lies with the MD&CEO, supported by the EXCO and the executive management team.

OZ Minerals sets formal diversity targets which are included as part of measuring the Company's overall performance and are formalised within our Diversity Policy. Progress against these targets is reviewed quarterly. The OZ Minerals Board also undertakes a quarterly review of gender pay equity within each job band level of the Company.

OZ Minerals' target is to achieve a 25 percent female representation at every level within the company. At present, our individual contributors, supervisory levels and senior leadership levels have greater than 25 percent female representation. We are continuing to pursue gains within our middle management areas.

We acknowledge that improving female representation needs to occur at all levels. Our recruitment target is to achieve at least one female interviewed for 80 percent of all roles recruited. In 2013, OZ Minerals recruited 35 roles, of which 24 included female applicants. There were 17 roles in which females were appointed to the position.

We recognise that an important aspect of promoting gender diversity is to provide opportunities for women to move into key decision-making roles within the business. We have implemented training and development programs targeted for our high-performing women, particularly within our middle management group. These programs and initiatives have been personally spear headed and sponsored by the MD&CEO.

In 2013, we continued our successful Leading My Career program, run in conjunction with Beach Energy, an Adelaide based oil and gas company, and Thiess, our major mining contractor. Leading My Career provides specialised training and mentoring for our high performing women, particularly those who demonstrate potential to move into middle management in upcoming years.

Participants in Leading My Career are matched with a formal mentor. The mentor provides an opportunity for participants to engage with challenging and affirmative role models and learn from their professional and personal experiences.

The program has had great success in increasing the profile of women within their organisation, and has enabled participants to openly discuss their career goals with their managers. Several participants have since taken on more senior roles.

Leading My Career participants were encouraged to apply for a scholarship to attend the Luminaries program, run by Behind Closed Doors. The Luminaries program is an invitation-only program aimed at “future executives” and gives the women on the program the chance to discuss business issues and support each other to attain greater professional success. Two OZ Minerals employees received Luminaries scholarships in 2013.

OZ Minerals offers equal remuneration for all our employees, reflective of the type of job, years of experience and the period for which employees have held their position. We annually review the earnings of our employees by gender and job band level to provide assurance that our employee’s remuneration remains equitable and in line with market trends.

Measurable Targets

The measurable targets set out in the OZ Minerals Diversity Policy assist in managing diversity and make sure that diversity is integrated into business and workforce planning. The table below sets out the measurable targets for 2013 and provides details on the progress of the Company towards these targets.

Measureable Target	Results
1. At least one female Board Director at all times	Target achieved
2. Increase numbers of females in all bands that do not currently have a representation of at least 25%.	Job bands A and E continue to have greater than 25 percent female representation. Job band C has increased female representation since 2012.

2012 gender representation (values are in percentage)

	Business and Functional Leadership	Departmental Managers	Superintendents / Senior Specialists	Tertiary / Supervisor	Individual Contributors
Female	33	20	16	26	25
Male	67	80	84	74	75

2013 gender representation (values are in percentage)

	Business and Functional Leadership	Departmental Managers	Superintendents / Senior Specialists	Tertiary / Supervisor	Individual Contributors
Female	33	20	17	22	25
Male	67	80	83	78	75

Aboriginal employment

As part of our commitment to diversity, the Company has a continuing focus on providing employment opportunities for Aboriginal people. There are currently approximately 150 Aboriginal people working at Prominent Hill – one of the highest representations of Aboriginal people within Australian mining workforces.

OZ Minerals runs a two-day cross cultural awareness program for all Prominent Hill employees, including contractors. The program is run by traditional owners of the land, the Antakirinja Aboriginal group. It focuses on educating people about Aboriginal culture, particularly Antakirinja culture, including their beliefs, connection to the land and areas of cultural significance, as well as looking at Aboriginal ways of life and challenges that persist. The program has been an important part of creating an inclusive, supportive culture at Prominent Hill.

At Carrapateena, the Kokatha Uwankara Native Title Claimant Group in collaboration with OZ Minerals is developing a culture awareness training program for OZ Minerals employees and contractors based at Carrapateena. This program will focus on the cultural beliefs and traditions of the Kokatha Uwankara people.

In 2014, the Company will continue to pursue improved gender diversity in addition to its ongoing commitment to providing employment opportunities to Aboriginal people. Details on progress against these commitments, in addition to detailed workforce statistics, can be found in the OZ Minerals annual Sustainability Report which is available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

The Audit Committee assists the Board in the effective discharge of its responsibilities in relation to financial reporting and disclosure processes, internal financial controls, funding, financial risk and management, the internal and external audit functions and the effectiveness of the Company's risk management framework. The Audit Committee Charter and the membership details of the Committee can be located on the Company's website. The experience and qualification of each member of the Audit Committee can be found in the Director's Report on pages 20 to 23. In addition, information on procedures for the selection and appointment of the Company's external auditor can be found in clause 6.2 of the Audit Committee Charter.

Principle 5: Make timely and balanced disclosure

The Company is committed to providing relevant up-to-date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules and the *Corporations Act 2001*.

The Company has a Continuous Disclosure Policy and Continuous Disclosure Protocols and Procedures, which outline the processes, protocols and procedures for identifying information for disclosure. The policy and the protocols and procedures aim to ensure that timely and accurate information is provided equally to all shareholders and market participants, consistent with the Company's commitment to its continuous disclosure obligations.

The policy and the protocols and procedures are reviewed annually by the Board and updates are made where considered appropriate.

Principle 6: Respect the rights of shareholders

The Board aims to ensure that shareholders are provided with all information necessary to assess the performance of the Company. To achieve this, the Company has a Shareholder Communication Policy which outlines the process through which the Company will endeavour to ensure timely and accurate information is provided equally to all shareholders.

In addition to releasing information to the ASX the Company communicates to Shareholders using a number of mediums including the Company's AGM, the Company's website, email notifications and in published reports. Shareholders are able to elect to receive email communications from the Company which includes notification by email of their dividend payment information.

Principle 7: Recognise and manage risk

The Board recognises that risk management and robust internal controls are fundamental to sound management, and it is a key responsibility of the Board to review and monitor the principal risks of the Company and its internal compliance and control systems in relation to material business risks. The Board is assisted by the Audit Committee in monitoring the Company's financial risk and the processes and controls underlying the identification and monitoring of risks. The Sustainability Committee assists the Board in monitoring the Company's environmental, health, safety and community related risks.

Management is responsible for the design and implementation of risk management and internal control systems in relation to material business risks. Management ensures that procedures exist (including utilisation of the Company's Business Improvement Program where appropriate) to monitor and review risks and, through observation and audit, gain assurance on at least an annual basis that effective controls are implemented and consistently being applied.

Management of Risks

The Company's approach is to embed risk management into all the Company's business systems, mining operations and exploration activities, including its business improvement program where appropriate. The Company's risk framework is applied to all risk aspects of the Company's business and is used to identify, assess, evaluate, treat, monitor and communicate risks using a common methodology. The framework is aligned with Standard ISO 31000. Risks are ranked both pre mitigating controls and post mitigating controls and the rankings reflect different types of likelihoods and consequences arising from risks, including metrics for safety and health, environment, community and government, reputation, financial, production, organisational effectiveness, compliance and project management. The Company is exposed to numerous risks across its business, most of which are common to the mining industry. (See the Operating and Financial Review in the 2013 Directors' Report which identified the risk areas, as at the date of the Directors' Report, which may affect the Company's future operating and financial performance and the Company's approach to managing them).

The risk framework and the consideration of the Company's risk appetite is regularly reviewed at least half yearly by the Board and on a quarterly basis by the Executive Committee. Risks are analysed and reported on using risk registers which are common to all areas of the business and are centrally consolidated.

The Company's risk management policy which details the Company's approach to managing risks is available on the Company's website.

Internal Control Framework

The key controls that the Company has in place to ensure that its risks are managed effectively and to protect the Company's interests and ensure the integrity of its financial reporting include the following:

- a robust planning and budgeting process for delivering a five year strategic plan and annual budgets with at least monthly reporting against performance targets;
- a delegations of authority manual that sets out authority levels for expenditure and commitments for different levels of management within the Company, including detailed policies for the management of investment of surplus cash, debt (if any) and foreign currency;
- a capital approval process that controls the authorisation of capital expenditure and investments;
- appropriate due diligence procedures for acquisitions and divestments; and
- regular and timely reporting on safety incidents and actions to improve safety performance.

Internal audit

The Company has an internal audit function that provides assurance that the financial risks of the business are being identified and monitors compliance with the Company's policies and procedures. The function has been outsourced to Deloitte. The firm conducts internal audit reviews in accordance with an audit plan approved by the Audit Committee. The internal audit plan is formulated following identification of key risks in the areas of financial and information technology controls, compliance with applicable laws, regulations and policy, fraud prevention and detection, plus specific services as directed by the Company to ensure an effective control environment. Key findings from internal audit reviews are reported to the Audit Committee. The internal audit function and the Audit Committee have direct access to each other and have the necessary access to management and the right to seek information and explanations.

Management assurance

Prior to the Board (or its sub committee) approving the Company's 2013 full year financial results, certifications from the MD&CEO and the CFO are provided in relation to the Company's system of risk oversight and management and compliance with internal controls in relation to financial reporting risks.

The MD&CEO and CFO certifications included declarations in accordance with section 295A of the *Corporations Act 2001* that the financial statements have been prepared in conformity with the accounting standards and that they give a true and fair view, in all material respects, of the financial position and performance of the Company for the 2013 financial year. The MD&CEO and CFO certifications also provided assurances that the declarations provided in accordance with section 295A of the *Corporations Act 2001* are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects.

The MD&CEO and CFO declarations and assurances were supported by management certifications, which included management certifications provided by General Managers responsible for the operations and key functions.

Principle 8: Remunerate fairly and responsibly

The Human Resources and Remuneration Committee provides recommendations and direction for the Company's remuneration practices. The Committee ensures that a significant proportion of each member of the executive management team's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted regularly to determine the proportion of remuneration that will be 'at risk' for the upcoming year. The Company's executives participate in a long term incentive program that is linked to the Company's performance against the Company's peers in the resources industry. For further details on this see the Remuneration Report.

Board remuneration

The total annual remuneration paid to NEDs may not exceed the limit set by the shareholders at an Annual General Meeting (currently $2.7 million). The remuneration of the NEDs is fixed rather than variable.

Further details in relation to Director and executive remuneration are set out in the Remuneration Report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange ('ASX') Listing Rule 4.2A and Appendix 4E for the Consolidated Entity ('OZ Minerals' or the 'Consolidated Entity') comprising OZ Minerals Limited ('OZ Minerals Limited' or the 'Company') and its controlled entities for the year ended 31 December 2013 (the 'financial year') compared with the year ended 31 December 2012 ('comparative year').

Consolidated results, commentary on results and outlook

	31 December 2013 $m	31 December 2012 $m	Movement $m	Movement percent
Revenue	644.0	985.7	(341.7)	(34.7)
(Loss)/profit after tax attributable to equity holders of OZ Minerals Limited	(294.4)	152.0	(446.4)	(293.7)
Net tangible assets per share	$6.84	$8.35		

In accordance with Chapter 19 of the ASX listing rules, net tangible assets per share represent total assets less intangible assets less liabilities ranking ahead of, or equally with, ordinary share capital, divided by the number of ordinary shares on issue at the end of the financial year.

The commentary on the consolidated results and outlook, including changes in state of affairs and likely developments of the Consolidated Entity, are set out in the Operating and Financial Review section of the Directors' Report.

Dividends

Since the end of the financial year, the Board of Directors has resolved to pay an unfranked dividend of 10 cents per share, to be paid on 13 March 2014. The record date for entitlement to this dividend is 26 February 2014. The financial impact of this dividend amounting to $30.3 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2013 and will be recognised in subsequent Financial Statements.

The details in relation to dividends announced or paid since 1 January 2012 are set out below:

Record date	Date of payment	Cents per share	Total dividends $m
26 February 2014	13 March 2014	10	30.3
11 September 2013	25 September 2013	10	30.3
26 February 2013	12 March 2013	20	60.7
11 September 2012	25 September 2012	10	30.3
24 February 2012	9 March 2012	30	94.3

For Australian income tax purposes, all dividends were unfranked and declared to be conduit foreign income.

The Company's Dividend Reinvestment Plan was suspended in 2010 and remains suspended.

Independent auditor's report

The Consolidated Financial Statements upon which this Appendix 4E is based have been audited and the Independent Auditor's Report to the members of OZ Minerals Limited is included in the attached Annual Report.

DIRECTORS' REPORT

Your directors present their report for OZ Minerals for the year ended 31 December 2013 together with the Consolidated Financial Statements. OZ Minerals Limited is a company limited by shares that is incorporated and domiciled in Australia.

Directors

The directors of the Company during the year ended 31 December 2013 and up to the date of this report are:

Neil Hamilton (Non-executive Director and Chairman)

Terry Burgess (Managing Director and Chief Executive Officer)

Paul Dowd

Brian Jamieson

Barry Lavin (resigned as Non-Executive Director on 8 March 2013)

Charles Lenegan

Rebecca McGrath

Dean Pritchard

Principal activities

The principal activities of the Consolidated Entity during the financial year were the mining of copper, gold and silver, undertaking exploration activities and development of mining projects. For additional information on the activities of the Consolidated Entity refer to the Operating and Financial Review section in the Director's Report.

Dividends

Since the end of the financial year, the Board of Directors has resolved to pay an unfranked dividend of 10 cents per share, to be paid on 13 March 2014. The record date for entitlement to this dividend is 26 February 2014. The financial impact of this dividend amounting to $30.3 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2013 and will be recognised in subsequent Financial Statements.

The details in relation to dividends announced or paid since 1 January 2012 are set out below:

Record date	Date of payment	Cents per share	Total dividends $m
26 February 2014	13 March 2014	10	30.3
11 September 2013	25 September 2013	10	30.3
26 February 2013	12 March 2013	20	60.7
11 September 2012	25 September 2012	10	30.3
24 February 2012	9 March 2012	30	94.3

For Australian income tax purposes, all dividends were unfranked and were declared to be conduit foreign income.

The Company's Dividend Reinvestment Plan was suspended in 2010 and remains suspended.

Information on directors and officers

Particulars of the qualifications, experience and special responsibilities of each person who was a Director during the year ended 31 December 2013 and up to the date of this report are set out below:

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	OZ Minerals special responsibilities during the year
Current directors				
Neil Hamilton Independent Non-executive Chairman Appointed as a Non-executive Director on 9 February 2010 and Chairman on 13 April 2010 LLB	Mr Hamilton is an experienced professional Company Director and Chairman. He has over 35 years' experience in the legal profession and in business with substantial experience in senior management positions and on boards of public companies across law, funds management, investment, insurance and resources. Mr Hamilton has broad directorship experience across a range of ASX listed companies. Besides the other listed entity directorships listed in the next column, he is also a Senior Advisor to UBS.	Non-executive Director of Metcash Limited since February 2008	Chairman of Miclyn Express Offshore Limited from February 2010 to June 2013	Chairman of OZ Minerals Limited Board Chairman of Nomination & Board Governance Committee Member of Human Resources & Remuneration Committee
Terry Burgess Managing Director and Chief Executive Officer Appointed on 1 August 2009 BSc, FAusIMM, FIMM, ACMA, CEng	Mr Burgess joined OZ Minerals Limited as Managing Director and Chief Executive Officer ('MD&CEO') in August 2009. Prior to this, he was the Head of Business Development for AngloBase, the base metals business of Anglo American plc. Mr Burgess was formerly Global Head of Metals and Mining at ABN AMRO, Managing Director and CEO of Delta Gold, and its successor AurionGold. Mr Burgess' earlier experience includes a number of senior mining management and operational roles in Australia, Africa and Europe. Mr Burgess is a Vice President of SACOME (South Australian Chamber of Mines and Energy) and a Director of the Minerals Council of Australia.	None	Non-executive Director of Magma Metals Limited from January 2009 to June 2012	MD&CEO of OZ Minerals Limited

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	OZ Minerals special responsibilities during the year
Current directors				
Paul Dowd Independent Non-executive Director Appointed on 23 July 2009 BSc (Eng)	Mr Dowd is a mining engineer and has been in mining for more than 40 years, primarily in the private sector, but also serving in the Public Sector as head of the Victorian Mines and Petroleum Departments. He has held senior executive positions with Newmont and prior to that Normandy, including as Managing Director of Newmont Australia Limited and Vice President of Australia and New Zealand Operations for Newmont Mining Corporation. Mr Dowd currently has various advisory positions with councils and groups, including the SA Minerals and Petroleum Expert Group (SAMPEG), the University of Queensland - Sustainable Minerals Institute Board, the, SA Training and Skills Commission (TaSC) and the SA Government Inter-Ministerial Committee on Aboriginal Workforce Development. Mr Dowd is Chairman of RESA (SA Resources & Engineering Skills Alliance) and is also Chairman of the CSIRO Minerals Resources Sector Advisory Council.	Non-executive Director of Phoenix Copper Limited since April 2012 and previously Managing Director from 2008	Non-executive Director of Macarthur Coal Limited from October 2011 to December 2011 Non-executive Director of Northgate Minerals Corporation from November 2008 to October 2011	Member of Nomination & Board Governance Committee Member of the Sustainability Committee and appointed Chairman on 1 July 2013
Brian Jamieson Independent Non-executive Director Appointed on 27 August 2004 FCA	Mr Jamieson was Chief Executive of Minter Ellison Lawyers Melbourne from 2002 until he retired at the end of 2005. Prior to joining Minter Ellison, he was with KPMG for over 30 years holding the positions of Chief Executive, Managing Partner and Chairman of KPMG Melbourne from 2001 to 2002. He was also a KPMG Board Member in Australia and Asia Pacific and a member of the KPMG USA Management Committee. Mr Jamieson is a fellow of the Institute of Chartered Accountants in Australia. Further, Mr Jamieson is a Deputy Chairman and Treasurer of the Bionics Institute and a Director and Treasurer of the Sir Robert Menzies Foundation.	Chairman of Mesoblast Limited since November 2007 Chairman of Sigma Pharmaceuticals Limited since June 2010 and Non-executive Director since December 2005 Non-executive Director of Tatts Group Limited since May 2005 Non-executive Director of Tigers Realm Coal Limited since February 2011	None	Chairman of the Audit Committee to 30 June 2013 and remained as a Member Member of the Sustainability Committee from 1 July 2013
Charles Lenegan Independent Non-executive Director Appointed on 9 February 2010 BSc (Econ)	Mr Lenegan was a former Managing Director of Rio Tinto Australia. Mr Lenegan had a distinguished 27 year career with Rio Tinto where he held various senior management positions across a range of commodities and geographies. Mr Lenegan was formerly the Chairman of the Minerals Council of Australia and a former board member of the Business Council of Australia. Mr Lenegan is currently Chairman of Bis Industries Limited (non-ASX listed company)	Non-executive Director of Turquoise Hill Resources since August 2012	Chairman of Rey Resources Limited from November 2010 to November 2012	Member of the Audit Committee and appointed Chairman on 1 July 2013 Member of Nomination & Board Governance Committee

Director	Experience and expertise	Other current listed entity directorships	Former listed entity directorships in last three years	OZ Minerals special responsibilities during the year
Current directors				
Rebecca McGrath Independent Non-executive Director Appointed on 9 November 2010 BTP (Hons), MA (Ap.Sc), MAICD	Ms McGrath was the former Chief Financial Officer and a member of BP's Executive Management Board for Australia and New Zealand. Ms McGrath was also the former Vice President Operations BP Australia and Pacific and General Manager, Group Marketing Performance BP Plc (London). Ms McGrath is also a senior advisor to JP Morgan. She is a former Director of Big Sky Credit Union and in addition to her Bachelor and Master Degrees, she is a graduate of the Cambridge University Business and Environment program.	Non-executive Director of Incitec Pivot Limited since September 2011 Non-executive Director of CSR Limited since February 2012 Non-executive Director of Goodman Group since April 2012	None	Member of the Audit Committee Chairman of Human Resources & Remuneration Committee
Dean Pritchard Independent Non-executive Director Appointed on 20 June 2008 BE, FIE Aust, CP Eng, FAICD	Mr Pritchard has over 30 years of experience in the engineering and construction industry. He was previously Chairman of ICS Global Limited, a Director of Railcorp, Zinifex Limited, Eraring Energy and the Spotless Group and Chief Executive Officer of Baulderstone Hornibrook 1991 to 1997.	Non-executive Director of Arrium Limited (previously One Steel Limited) since October 2000 Non-executive Director of Steel & Tube Holdings Limited (a New Zealand listed company) since May 2005 Non-executive Director of Transfield Services Limited since October 2013	Non-executive Director of Spotless Group Limited from May 2007 to August 2012 Chairman of Steel Tube & Holdings Limited from May 2005 to October 2012.	Chairman of the Sustainability Committee to 30 June 2013 and remained as a Member Member of the Human Resources & Remuneration Committee from 1 July 2013
Former director				
Barry Lavin Independent Non-executive Director Appointed on 1 July 2011 Resigned 8 March 2013 BSc (Hons), MBA, MIMM, C Eng	Mr Lavin was appointed to the Board of OZ Minerals in July 2011. He is a mining engineer and an accomplished senior mining executive who spent 18 years with the Rio Tinto Group until 2009. While at Rio Tinto Mr Lavin held the roles of Managing Director of the Northparkes Mines JV and Managing Director of Technical Services. Mr Lavin is a Director of privately owned companies Teviot Resources Pty Ltd an Australian diversified junior mining company, Barminco, an Australian underground mining contractor, and Ferrum Americas Mining Inc., a Canadian iron ore explorer.	None	None	Member of Human Resources and Remuneration Committee until 8 March 2013 Member of the Sustainability Committee until 8 March 2013

Company secretary

Ms Francesca Lee General Counsel and Company Secretary

BCom, LLB (Hons), LLM, Grad Dip CSP, ACIS

Ms Lee joined OZ Minerals as General Counsel and Company Secretary in June 2008 from Zinifex Limited ('Zinifex'). She is a member of the OZ Minerals Limited Executive Committee. Before joining Zinifex she was Group Counsel at BHP Billiton Limited and has also held a number of senior positions at Rio Tinto Limited including Corporate Counsel, General Manager Internal Audit and Risk Review and was Vice President of Structured Finance at Citibank Limited. She has been a member of the Board of Metropolitan Waste Management Group, a Victorian Statutory Authority since its inception in 2006 and was appointed a member of the Australian Takeovers Panel in May 2009. As announced by OZ Minerals in its ASX Release dated 29 January 2014, Ms Lee tendered her resignation and will leave OZ Minerals around the end of March 2014.

Attendance at meetings

The number of meetings of OZ Minerals Limited's Board of Directors and of each Board Committee held from the beginning of the financial year until 31 December 2013, and the number of meetings attended by each director is set out below.

	Board meetings		Board Committee meetings							
			Audit		Nomination and Board Governance		Human Resources and Remuneration		Sustainability	
	A	B	A	B	A	B	A	B	A	B
Neil Hamilton	15	15	3	0	2	2	5	5	0	0
Terry Burgess	15	15	6	0	0	0	5	0	4	0
Paul Dowd	15	15	3	0	2	2	1	0	4	4
Brian Jamieson[C]	14	15	6	6	0	0	1	0	2	2
Barry Lavin	1	2	2	0	0	0	2	2	1	1
Charles Lenegan	15	15	6	6	2	2	1	0	0	0
Rebecca McGrath	15	15	6	6	0	0	5	5	0	0
Dean Pritchard	15	15	2	0	0	0	3	2	4	4

A Number of meetings attended. Note that directors may attend Committee meetings without being a member of that Committee.

B Number of meetings held during the time the director held office (in the case of Board meetings) or was a member of the relevant committee during the year.

C Brian Jamieson was absent from an out of session Board Meeting held during the year for which short notice of the meeting was provided and due to prior commitments.

Directors' interests

The relevant interests of each director in the ordinary shares of OZ Minerals Limited at the date of this report are set out below:

Director	Shares number	Performance rights number
Neil Hamilton	39,500	–
Terry Burgess	150,708	355,461
Paul Dowd	10,800	–
Brian Jamieson	108,527	–
Charles Lenegan	20,750	–
Rebecca McGrath	5,750	–
Dean Pritchard	22,720	–
Total	358,755	355,461

Environmental regulation

OZ Minerals is subject to significant environmental regulation in respect of its activities in both Australia and overseas. In addition to the licensing and permit arrangements which apply to its overseas activities, the Consolidated Entity's Prominent Hill operations, Australian exploration activities and its concentrate shipping activities operate under various licences and permits under the laws of the Commonwealth, States and Territories.

Compliance with the Consolidated Entity's licenses and permits is monitored on a regular basis and in various forms, including environmental audits conducted by the Consolidated Entity, regulatory authorities and other third parties. A documented process is used by the Consolidated Entity to classify and report any exceedance of a licence condition or permit condition, as well as any incident reportable to the relevant authorities. As part of this process, all reportable environmental non-compliances and significant incidents are reviewed by the Executive Committee and the Sustainability Committee of the OZ Minerals Board of Directors. These incidents require a formal report to be prepared identifying the factors that contributed to the incident or non-compliance and the actions taken to prevent any reoccurrence.

During 2013 OZ Minerals was granted Retention Lease 127 at the Consolidated Entity's Carrapateena Project from the Department for Manufacturing, Innovation, Trade, Resources and Energy ('DMITRE') under the *South Australian Mining Act 1971* inclusive of other permitting requirements under necessary state legislation and the signing of a Native Title Mining Agreement with the Kokotha Uwankara Native Title Claimant Group.

During the year, OZ Minerals completed its fifth report under the *National Greenhouse and Energy Report Act 2009* ('NGERS'). Prior to the submission of the report, a comprehensive independent audit by Net Balance Management Group Pty Ltd was conducted on the processes that OZ Minerals has developed to meet the requirements of the NGERS Act. The audit provided assurance that the reported emissions, energy production and energy consumption were prepared in accordance with the NGERS Act. OZ Minerals continues to participate in the Australian Government's Energy Efficiency Opportunities program and has commenced its second five year cycle.

Insurance and indemnity

The Consolidated Entity has granted indemnities under Deeds of Indemnity with each of its current and former Non-executive Directors and members of the Executive Committee, the Company Secretary, the Group Treasurer and each employee who is a director or officer of a controlled entity of the Consolidated Entity, in conformity with Rule 10.2 of the OZ Minerals Limited Constitution.

Each Deed of Indemnity indemnifies the relevant director, officer or employee to the fullest extent permitted by law for liabilities incurred while acting as an officer of OZ Minerals, any of its related bodies corporate and any outside entity, where such an office is held at the request of the Company. The Consolidated Entity has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Consolidated Entity.

No indemnity has been granted to an auditor of the Consolidated Entity in their capacity as auditors of the Consolidated Entity.

Proceedings on behalf of the Consolidated Entity

At the date of this report there are no leave applications or proceedings brought on behalf of the Consolidated Entity under section 237 of the *Corporations Act 2001*.

Audit and non-audit services

KPMG continues in office in accordance with the *Corporations Act 2001*. A copy of the external Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 67 and forms part of the Directors' Report.

The Company, with the prior approval of the Audit Committee, may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important, and where these services do not impair the external auditor's independence.

Details of the amounts paid or payable to the external auditor (KPMG) and its network firms for audit and non-audit services provided during the year are set out below and in Note 30 of the Consolidated Financial Statements.

	2013 $
Audit services provided by KPMG	
Audit and review of financial reports and other audit work under the *Corporations Act 2001* including audit of subsidiary Financial Statements	
KPMG Australia	484,000
Overseas KPMG firms	27,509
Total fees for audit services provided by KPMG	511,509
Other services provided by KPMG Australia	
Taxation compliance and other taxation advisory services	181,998
Other assurance services	23,000
Total fees for other services provided by KPMG Australia	204,998
Total fees	716,507

In accordance with the advice received from the Audit Committee, the Board is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

All non-audit services have been reviewed by the Audit Committee to ensure they did not impact the integrity and objectivity of the external auditor; and

None of the services undermined the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for OZ Minerals Limited or its controlled entities, acting as advocate for the Company or jointly sharing economic risk and rewards.

Matters subsequent to the end of the financial year

Since the end of the financial year, the Board of Directors has resolved to pay an unfranked dividend of 10 cents per share, to be paid on 13 March 2014. The record date for entitlement to this dividend is 26 February 2014. The financial impact of this dividend amounting to $30.3 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2013 and will be recognised in subsequent Financial Statements.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, ('ASIC') relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Class Order to the nearest million dollars to one decimal place, or in certain cases, to the nearest dollar. All amounts are in Australian dollars only, unless otherwise stated.

Operating and Financial Review

The Operating and Financial Review is set out on pages 28 to 46 and forms part of the Directors' Report.

Remuneration Report

The Remuneration Report which has been audited by KPMG is set out on pages 50 to 66 and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors.

Neil Hamilton	Terry Burgess
Chairman Melbourne 12 February 2014	Managing Director and Chief Executive Officer Melbourne 12 February 2014

OPERATING AND FINANCIAL REVIEW

Overview

OZ Minerals is an Australian-based modern mining company focused on copper.

OZ Minerals owns and operates the Prominent Hill copper-gold mine with Malu Open Pit, Ankata Underground and development of Malu Underground, and owns the Carrapateena copper-gold project.

Prominent Hill and Carrapateena are both located in the highly favourable mining jurisdiction of South Australia. The Prominent Hill mine is located 650 kilometres north-west of Adelaide and 130 kilometres south-east of Coober Pedy. Carrapateena is located 250 kilometres from Prominent Hill and 160 kilometres north of Port Augusta.

OZ Minerals' business model is to generate shareholder value through the discovery and development of copper deposits and production and sale of copper concentrate. Prominent Hill produces a high-grade copper concentrate, containing copper, gold and silver, which is sold to customers in Asia and Europe. Project evaluation is currently being conducted on the Carrapateena project. Exploration activities are underway primarily in the Carrapateena district and other selected locations overseas.

As of 31 December 2013, OZ Minerals' market capitalisation was $955.9 million.

OZ Minerals employs a direct workforce of 380 people. Prominent Hill has a workforce of approximately 1,400, with the majority being contractors' employees.

As a modern mining business, the Company sees the importance of facilitating an organisational culture where diversity is both appreciated and expected. OZ Minerals believes that a workforce which includes both men and women and people of all generations and cultures adds to the success of its business.

OZ Minerals has a strong sustainability focus and ensures that its actions positively contribute to its people, its local communities and environment.

With an experienced team, a strong balance sheet and valuable mine assets, OZ Minerals is well positioned for the future.

Strategy

The objective of OZ Minerals' Strategy is to deliver superior shareholder returns built upon a foundation of Governance and Zero Harm with the following five key elements:

- Focus on copper
- Maximise potential of assets
- Build a project pipeline
- Invest in exploration
- Exercise disciplined capital management

Focus on copper

Copper is a commodity in which OZ Minerals has a depth of experience in exploration, development and operations. In terms of the long term price, OZ Minerals believes copper has a favourable outlook as it is supported by long term supply and demand fundamentals when compared to all other base metals and most other mineral commodities.

OZ Minerals' focus on copper has been premised on a continued high demand for copper, particularly from China, as well as other emerging economies as a result of copper's consumption in major urbanisation and urban renewal programs and by the expectation that existing and currently planned operations will struggle to meet forecast demand levels.

OZ Minerals' strategic choice of copper has continued to be supported by the superior price performance of copper compared with other base metal prices, which have been restricted by oversupply or the threat of oversupply (particularly from China). Prices for bulk commodities have moderated on reduced demand and increased supply from new production – OZ Minerals does not consider bulk commodity development to be suited to its current scale or field of expertise.

The Company continues to believe that the outlook for copper will remain favourable for many years to come.

Gold, the major by-product, continues to have an outlook which is more favourable than other by-products such as cobalt and molybdenum.

Maximise potential of assets

Maximising assets through cost reduction, mining and processing plant improvements, capital investment and exploration ensures that OZ Minerals extract the best possible value from the assets it owns and operate, particularly through innovative business improvement initiatives generated by staff.

OZ Minerals is extending the life of Prominent Hill through the development of Malu Underground, which is expected to commence stoping activities and production in 2014.

OZ Minerals is pursuing cost reduction strategies across the Company.

Since 2010, OZ Minerals has maximised production from Prominent Hill with the plant consistently milling and treating 9.5-10 million tonnes per annum compared to the nameplate capacity of 8 million tonnes per annum. The development of underground resources at Ankata Underground, which commenced production in 2012, and at Malu Underground, expected to commence production later in 2014, are planned to add approximately five years to the life of operations at Prominent Hill.

Build a project pipeline

A sustainable project pipeline can be achieved through organic development of existing projects and acquisition of development stage or advanced exploration projects.

With OZ Minerals primary focus on copper, and gold as the preferred by-product, its objective is to develop or acquire projects with copper production or potential production of 50,000 to 150,000 tonnes of copper per annum, which are currently operating or at an advanced development stage. OZ Minerals seeks projects located in countries with low to medium sovereign risk.
The acquisition of Carrapateena in May 2011 was clearly in line with OZ Minerals Strategy and adds a significant opportunity to the Company's project pipeline with the potential to become a long term copper mine in one of the safest jurisdictions in the world.

A pre-feasibility study is underway on the Carrapateena project and considerable value has been added through exploration which has significantly increased the known size of the Carrapateena resource.

OZ Minerals business development activities and its investments have been highly disciplined with regard to the core requirement of acquiring value-adding assets, while at the same time meeting the Company's criteria of commodity, scale, and geography and project status.

OZ Minerals early-stage investment in Sandfire Resources NL has to date grown significantly in market value with the successful development of the DeGrussa mine and OZ Minerals continue to monitor operational and exploration progress.

In terms of project scale, most projects reviewed over the last four years have been in the lower half of the Company's preferred production range, namely 50,000 to 100,000 tonnes of copper per year, and OZ Minerals expects this will likely continue to be the case in the immediate future.

On occasion, projects under review have demonstrated superior performance in other commodities (for example, zinc) but not in copper, have met basic investment parameters during our due diligence process but were in jurisdictions judged to be high risk (for example, DRC and Saudi Arabia); or, while meeting all other requirements, have simply not demonstrated the required shareholder return, based on their acquisition cost, capital and operating costs, assuming realistic long term commodity prices, at normal cost of capital rates and taking into consideration operating and other associated risks.

Invest in exploration

OZ Minerals has focused on adding value through directing its exploration experience on the regions around its existing assets.

The Khamsin deposit, discovered in late 2012 is located 10 kilometres from the Carrapateena project. Results to date indicate that Khamsin has the potential to be a copper-gold system similar to Carrapateena and indicates the potential for a copper district rather than a single deposit located at Carrapateena.

Exercise disciplined capital management

OZ Minerals has a proven track record of maximising shareholder returns through distributing cash flows from operations that are surplus to the needs of its business. Since 2010, OZ Minerals has returned more than $1.1 billion to shareholders. Funds have been returned to shareholders via a capital return of $389 million (equivalent to $1.20 per share) and an on-market share buyback of $200 million, in addition to dividends. OZ Minerals' Dividend Policy is to distribute between 30-60 percent of normal operating profits and since 2010 a total of $536 million (equivalent to $1.77 per share) has been paid to shareholders as dividends.

The Company's balance sheet remains strong with no drawn debt and a cash balance of $364.0 million held as at the end of 2013. This balance sheet strength provides the Company leverage to continue to take advantage of opportunities which meet its strategic objectives and to pursue the organic growth project at Malu Underground.

Overview of operations

Safety performance

OZ Minerals' safety strategy is based on the Company's commitment to achieving Zero Harm by Choice. This commitment is supported by the Company's core values – Respect, Integrity, Action, Results – which underpin the behaviour of all OZ Minerals' employees and contractors operating at its sites.

OZ Minerals achieved sustained positive improvement in its safety performance, with a significant improvement in Total Recordable Injury Frequency Rate ('TRFIR') per million hours worked to 7.69 (full year 2012: 10.49). The Lost Time Injury Frequency Rate ('LTIFR') per million hours worked decreased to 0.96 from 1.46 in 2012. There were no permanent or serious disabling injuries in 2013 - extending this achievement to three consecutive years.

OZ Minerals' safety strategy is centred on cultural change and reduction of risk. A key focus for 2013 was the identification of incidents with high potential for more serious consequences. Emphasis was placed on identifying the root causes of the incidents to prevent their reoccurrence and sharing the lessons across the Company.

OZ Minerals' commitment to Zero Harm by Choice is reflected in the OZ Minerals Sustainability Policy and is supported by the OZ Minerals Sustainability Standards, which are a comprehensive set of standards for management of the safety and health, environmental and social aspects of the operations of the Company.

Prominent Hill

Production from Malu Open Pit and Ankata Underground

In 2013, because of operational difficulties, OZ Minerals reduced its production guidance. Reserve estimates supporting the original production guidance have not materially changed and the 2013 production shortfall is planned into production in future years.

Copper production of 73,362 tonnes and gold production of 128,045 ounces were within the upper half of the amended guidance ranges for both copper (70,000 to 75,000 tonnes) and gold (120,000 to 130,000 ounces).

Malu Open Pit

During 2013, total material mined of 86.8Mt comprised 8.3Mt of ore and 78.5Mt of waste, an all-time material movement record for the operation. In line with the Malu Open Pit mine plan, 2013 saw the peak of the waste movement required for life of the open pit with future planned waste movement being progressively lower over the remaining pit life.

Operations in the open pit were impacted by a slip in a section of the overburden at the top of the South Wall during the first part of 2013, which led to restricted access to the main mining area below this slip. Remediation of the south wall overburden slip was completed in late July and re-entry into quarantined mining areas resumed thereafter.

The attempt to maximise ore production during this challenging period led to inefficiencies within the pit with mining on multiple benches, lower productivities and sub-optimal use of mining equipment. A number of measures were subsequently undertaken to ensure the most efficient and productive use of mining equipment in order to maximise value over the remaining life of the open pit. This has included full optimisation of the automated mining fleet dispatch system and larger, more open working spaces on a reduced number of mining benches, resulting in better excavator and truck efficiencies and productivities.

Ankata Underground

Following the discovery of the Ankata deposit in 2007, the development of the Ankata Underground mine was approved by the Board in 2010 and commissioned during 2012. In 2013, 1.2Mt of ore was mined from Ankata Underground with 27,000 tonnes of copper produced, successfully achieving design production levels in the first full year of production. Since commissioning in 2012, Ankata Underground mine life has been extended by a further four years and now has a projected mine life supported by reserves and inferred resources to 2022. Over its mine life, Ankata Underground is expected to annually mine about 1.2Mt of copper ore each year.

Processing

The Prominent Hill processing plant continued to perform at a high level of availability, throughput and recovery throughout 2013. During the year, 9.5Mt of ore was milled with the plant well exceeding the 8Mt annual nameplate capacity. Copper recoveries remained high at 88.4 percent. Production of 73,362 tonnes of copper and 128,045 ounces of gold was achieved.

Carrapateena

Progress to date

The Carrapateena copper-gold project was purchased in May 2011 and continues to demonstrate its quality.

An iron oxide copper-gold deposit of a similar style to Prominent Hill and Olympic Dam, Carrapateena is a very significant copper resource located in a highly favourable mining jurisdiction and in a copper district which is demonstrating potential to host further deposits.

The drilling program undertaken in 2013 has increased the total number of holes and metres drilled and intersecting mineralisation to 100 holes and 65,690m respectively.

Total Indicated and Inferred Resources (at a 0.3 percent copper cut-off) have increased from 760Mt at 0.8 percent copper and 0.3g/t Au for 5.9Mt of contained copper and 7.3Moz of contained gold to 800Mt at 0.8 percent copper and 0.3g/t gold for 6.3Mt contained copper and 8.4Moz of contained gold[1].

The increase is mainly attributable to the additional drilling information which has allowed OZ Minerals' geologists to better understand and interpret the deeper parts of the deposit and extend the envelope of the copper mineralisation.

In 2013, OZ Minerals was granted a Retention Lease over the Carrapateena project area by DMITRE, the South Australian regulator.

A Native Title Agreement was also reached with the Kokatha Uwankara Claimant Group, covering OZ Minerals' Retention Lease activities at the Carrapateena project.

[1] The information that relates to the Carrapateena Reserves and Resources is extracted from the report entitled 'Carrapateena Resources and Reserves statement' ('CRRS') released to the market on 28 November 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the CRRS and that all material assumptions and technical parameters underpinning the estimates in the CRRS continue to apply and have not materially changed.

Pre-feasibility study

A pre-feasibility study commenced in March 2013 and is on schedule for completion towards the end of the first half of 2014. The study is examining a range of options with the aim being to determine a single option for project development to take to a full feasibility study. Work to date includes drilling the deposit to obtain metallurgical samples for test work and for rock stress measurements, as well as drill-testing for potential groundwater resources.

The study has progressed with engineering on a range of project configurations nearing completion.

Following the pre-feasibility study, and subject to demonstrating that development will meet the Company's objectives and achieve subsequent Board approval, the next phase would be to conduct a feasibility study and detailed geotechnical assessment of the orebody. This process will refine the chosen implementation decisions made in the pre-feasibility study and will confirm if the defined mineral resource is able to be mined and produce an acceptable economic return on investment.

OZ Minerals has received enquiries from a number of parties which are interested in learning more about the Carrapateena project and Khamsin. An information sheet has been provided which collates previously published information and in a limited number of cases, some parties have entered confidentiality agreements to access further information. This is seen as preparatory work to potentially introducing other participants to the project following completion of the pre-feasibility study.

Mining

The base case being considered in the pre-feasibility study is to develop the orebody as an underground dual lift block cave mine with a production rate of 12.4Mtpa and a possible life of over 20 years. These estimates will be further refined by the findings of the pre-feasibility study and the feasibility study.

As noted, the feasibility study will require detailed geotechnical testing of the orebody which, in turn, will require physical access. To facilitate this and to obtain metallurgical samples, an exploration decline had been originally planned as part of the pre-feasibility study. A tunnel boring machine (TBM) was acquired and is being refurbished to be used in construction of this decline. However, construction costs tendered during 2013 were unacceptable, being well in excess of detailed cost estimates. As noted, drilling has obtained the samples necessary for metallurgical test work and the Company will revisit construction of the exploration decline in line with the pre-feasibility study decision.

Infrastructure

The project is well placed to take advantage of local infrastructure, with the Stuart Highway, Adelaide to Darwin railway and grid power all within 50 kilometres of site. There are suitable port facilities at both Port Pirie and Whyalla. The nearest regional centre, Port Augusta, with a population of 13,000 people, is well served with regular flights to Adelaide.

Processing plant

Metallurgical test work continues to confirm the production of a high grade copper-gold concentrate and high copper and gold recoveries, with uranium being considerably downgraded from ore feed to concentrate.

The concentrate product is expected to be transported to a rail siding for transfer to Adelaide where it would be loaded for shipping to overseas copper smelters.

Khamsin discovery and regional prospects

Regional exploration on the Carrapateena licenses currently remains focussed on the Khamsin discovery, located 10 kilometres northwest of Carrapateena. The discovery was made in late 2012 and to date 22 holes have been drilled with assay results awaited for the latest two holes.

Positive assay results continue to be returned from this potential new deposit. Current drilling is aimed at extending the boundaries of the known mineralisation as well as increasing the confidence of grade continuity. Mineralisation intervals to date indicate that Khamsin has the potential to be a large copper-gold system with similar characteristics to Carrapateena.

The discovery hole DD12KMS003 drilled in late 2012 returned 440m @ 0.43% Cu, 0.08 g/t Au from 1005m[2]. Since then, approximately 17 holes have been completed at the prospect.

Some of the significant intersections of note include: DD13KMS008 – 702m @ 0.83% Cu, 0.24 g/t Au from 747m, including 63m @ 2.75% Cu, 0.16 g/t Au from 777m[3] and, DD13KMS012 – 414m @ 1.06% Cu, 0.29 g/t Au from 894m including 126m @ 1.95% Cu, 0.65 g/t Au from 1055m[4].

During 2013, OZ Minerals also received encouraging results from a prospect called Fremantle Doctor located 2km from Carrapateena. Drill hole DD13FDR005 returned 914m @ 0.44% Cu, 0.27 g/t Au from 920m including 89m @ 1.52% Cu, 1.04 g/t Au from 1033m[5].

Further exploration at Khamsin, Fremantle Doctor and the 'Saddle' between Fremantle Doctor and Carrapateena is planned for 2014. The aim is to establish a maiden resource at Khamsin during the year.

Stuart Shelf tenements

OZ Minerals has recently extended its ground holding around Carrapateena to the north and northwest toward other known IOCG prospects. OZ Minerals acquired a 2,554km^2 tenement package in mid-2013. The tenements are located along strike from Carrapateena and Khamsin and enhance OZ Minerals' ground holding in the region.

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[2] The information in this report that relates to the Khamsin Drill Hole Number DD12KMS003 is extracted from the report entitled 'Carrapateena Resource Upgrade, and a significant new regional exploration copper discovery' created on 21 January 2013 and is available to view on www.ozminerals.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement.

[3] The information in this report that relates to the Khamsin Drill Hole Number DD13KMS008 is extracted from the report entitled 'OZ Minerals June Quarterly Report for three months ended 30 June 2013' created on 25 July 2013 and is available to view on www.ozminerals.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement.

[4] The information in this report that relates to the Khamsin Drill Hole Number DD13KMS012 is extracted from the report entitled 'OZ Minerals September Quarterly Report for three months ended 30 September June 2013' created on 14 October 2013 and is available to view on www.ozminerals.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement.

[5] The information in this report that relates to the Khamsin Drill Hole Number DD13FDR005 is extracted from the report entitled 'OZ Minerals June Quarterly Report for three months ended 30 June 2013' created on 25 July 2013 and is available to view on www.ozminerals.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement.

Review of consolidated financial results and operations[6]

	Prominent Hill operations 2013 $m	Other activities 2013 $m	Total 2013 $m	**Total 2012 $m
Revenue from sale of metal in concentrate				
Copper	481.6	–	481.6	744.5
Gold	151.8	–	151.8	222.6
Silver	10.6	–	10.6	18.6
Total revenue	**644.0**	–	**644.0**	**985.7**
Net gain on sale of assets in Cambodia	–	0.9	0.9	18.8
Other income	0.2	1.6	1.8	7.9
Net foreign exchange gains/(losses)	14.7	26.2	40.9	(11.3)
Cost of goods sold including employee benefit expenses				
Changes in inventories of ore and concentrate	25.0	–	25.0	(42.9)
Consumables and other direct costs	(343.5)	–	(343.5)	(293.2)
Employee benefit expenses	(59.3)	(19.2)	(78.5)	(79.2)
Freight expenses	(40.3)	–	(40.3)	(47.4)
Royalties expense	(9.5)	–	(9.5)	(14.8)
Inter-segment (expense)/income	(14.5)	14.5	–	–
Total cost of goods sold	(442.1)	(4.7)	(446.8)	(477.5)
Share of net loss of investment in Toro	–	(1.3)	(1.3)	(2.1)
Exploration and evaluation expenses	(3.5)	(71.0)	(74.5)	(114.1)
Other expenses	(23.7)	(25.5)	(49.2)	(53.5)
Underlying EBITDA	**189.6**	**(73.8)**	**115.8**	**353.9**
Depreciation and amortisation expenses	(215.3)	(3.2)	(218.5)	(174.7)
Underlying EBIT	**(25.7)**	**(77.0)**	**(102.7)**	**179.2**
Net financing (expense)/income	(1.9)	8.9	7.0	19.9
Income tax benefit/(expense) on underlying (loss)/profit before tax			33.2	(47.1)
Underlying NPAT			**(62.5)**	**152.0**
Write-down of assets net of tax			**(231.9)**	–
NPAT			**(294.4)**	**152.0**

** Comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

[6] OZ Minerals financial results are reported under International Financial Reporting Standards ('IFRS'). This Annual Report and Results for Announcement to the Market include certain non-IFRS measures including Underlying EBITDA, Underlying EBIT, Underlying EBT and Underlying NPAT. These measures are presented to enable understanding of the underlying performance of the Consolidated Entity without the impact of non-trading items such as write-down of assets. Non-IFRS measures have not been subject to audit or review. Underlying EBITDA, Underlying EBIT, Underlying EBT and Underlying NPAT are included in Note 3 Operating Segments, which form part of the Consolidated Financial Statements. Refer Note 3 Operating Segments to the Consolidated Financial Statements for further details.

Income statement

For the year ended 31 December 2013, the net loss after tax of $294.4 million compared to the net profit after tax of $152.0 million in the comparative year. During 2013, asset write-downs net of tax of $231.9 million were recognised in relation to Prominent Hill assets. The underlying result was a net loss of $62.5 million compared to underlying net profit after tax of $152.0 million for the comparative year.

Table 1: Variance analysis – Underlying NPAT 2012 vs 2013

	$m	$m
Underlying profit for the year ended 31 December 2012		**152.0**
Changes in revenues:		
Volume – sales		
Copper	(257.6)	
Gold	(46.7)	
Silver	(4.1)	(308.4)
A$ Price		
Copper	(8.5)	
Gold	(24.1)	
Silver	(3.9)	(36.5)
Treatment & refining charges	3.2	
Royalties	5.3	8.5
Changes in mine costs:		
Mine production costs	(130.3)	
Deferred waste and inventory adjustment	154.5	
Depreciation	(43.8)	(19.6)
Other costs:		
Corporate	7.4	
Exploration	39.6	
Foreign exchange gain on cash and debtor balances	52.2	
Other (including Net gain on sale of Cambodian assets)	(25.1)	74.1
Tax and interest		67.4
Underlying profit for the year ended 31 December 2013		**(62.5)**

Revenue

Revenue from sale of concentrates of $644.0 million for the financial year was $341.7 million or 35 percent less than in the comparative year. As detailed in Table 1, lower revenue in 2013 was mainly due to lower sales volumes ($308.4 million) and, to a lesser extent, lower A$ prices for copper and gold ($36.5 million). Contained copper metal in concentrate sold was 33 percent lower than in 2012 and gold was 21 percent lower due to lower contained metal in ore production from Malu Open Pit. The average Australian dollar to US dollar exchange rate of 0.9674 in 2013 was seven percent lower than the average of 1.0358 in 2012. Therefore, while the US$ prices in 2013 for copper (average of US$3.32 per pound) and gold (average of US$1,410.8 per ounce) were eight percent and 15 percent lower respectively compared to 2012, the price reduction in A$ terms was much lower at one percent and nine percent respectively compared to 2012.

Net foreign exchange gains

The significant strengthening of the US dollar by seven percent resulted in net foreign exchange gains of $40.9 million on US dollar cash and debtor balances during the year.

Prominent Hill cost of sales including depreciation

Table 2: Prominent Hill cost of sales including depreciation

	2013 $m	2012 $m	Change $m
Employee costs	59.3	59.1	0.2
Direct mining costs	453.4	363.6	89.8
Utilities and fuel	108.7	85.8	22.9
Operating consumables	79.5	62.6	16.9
Maintenance and other input costs	34.3	33.8	0.5
Production costs	**735.2**	**604.9**	**130.3**
Royalties	9.5	14.8	(5.3)
Total cash costs	**744.7**	**619.7**	**125.0**
Deferred mining costs	(277.6)	(191.0)	(86.6)
Finished goods and ore inventory movement	(25.0)	42.9	(67.9)
Cost of goods sold before depreciation	**442.1**	**471.6**	**(29.5)**
Depreciation	215.3	171.8	43.5
Cost of goods sold	**657.4**	**643.4**	**14.0**

Total expenditure on direct mining costs increased by $89.8 million in 2013 due to the peak of waste movement operations in the open pit and the inclusion of a full year of operating costs from the Ankata Underground mine, which commenced full production in August 2012. The peak of the waste movement program required a larger mining fleet in Malu Open Pit. After reaching the peak in waste stripping in 2013 and also remediating the overburden slip early in the third quarter, mining equipment surplus to future requirements was demobilised at the end of the fourth quarter. This reduction of open pit equipment, with further equipment demobilisation expected in the first half of 2014, is expected to lead to further improvements in equipment efficiencies and productivities, both of which are expected to contribute to a reduction in total open pit mining expenditure in 2014. Open pit mining unit costs of $5.69 per tonne in 2013 compared to $5.00 per tonne in 2012. Higher unit costs in 2013 were due to the truck fleet operating over longer distances from deeper in the mine, excavation of hard basement material with increased drilling, blasting and equipment wear rates, higher activity levels associated with the waste mining program and operations impacted by the overburden slip and its remediation.

The Ankata Underground mine operated at design production levels throughout 2013 and produced 1.2Mt of high grade ore at a cost of $54 per tonne.

Employee costs of $59.3 million in 2013 were in line with 2012, with savings from the reduction in employees during 2013 and a salary freeze for most employees (but not for those employees covered by the Enterprise Bargaining Agreement (EBA)), offset by employee severance charges of $3.6 million. The full benefit of the reduction in the number of employees is expected to be seen in costs in 2014 with the salary freeze continuing for most employees not covered by the EBA.

Utilities and fuel costs were higher largely due to higher consumption driven by the increased level of activity, particularly for diesel and other haulage costs associated with the removal of waste. Unit costs of some energy inputs were reduced during the year under new contract terms.

Operating consumables costs increased by $16.9 million compared to 2012. Increased mining activity led to the increased use of explosives and other mining consumables. Unit costs of reagents and processing consumables were largely in line with 2012. Maintenance and other input costs were in line with 2012, with the plant undergoing routine maintenance shutdowns on a 13 week cycle.

Royalty expense in 2013 of $9.5 million was lower than the prior year as a result of lower revenue in 2013. The introductory beneficial royalty rate of 1.5 percent which the Prominent Hill mine has utilised due to its new mine status in South Australia will expire in mid-2014 and will then increase to five percent.

The increase in open pit expenditure was due to the waste movement program, of which $277.6 million was recognised as a deferred mining asset in the balance sheet. This deferral was driven by the increased waste being mined in 2013 relative to the tonnes of ore mined. The ore to waste strip ratio for the year of 9.5 resulted in costs of moving 49Mt tonnes of waste to be deferred in 2013.

Finished goods and ore inventory movement of $25.0 million for the year ended 31 December 2013 was primarily a result of an increase in concentrate stocks at year end compared to the comparative year. In 2013, concentrate inventory increased by 5,644t compared to a decrease in 2012 of 6,826t. Total ore inventory decreased in 2013 by 135Kt compared to a decrease of 2,072Kt in 2012.

Depreciation expense of $215.3 million in 2013 was 25 percent higher compared to 2012. The increase is due to higher asset balance of the deferred stripping asset. The full year depreciation charge on Ankata Underground which had not been in operation during the first half of 2012 (having commenced full production in August 2012) also contributed to the increased depreciation charge.

Exploration and evaluation expenses

Exploration and evaluation expense for the year was $74.5 million, which included $41.5 million of pre-feasibility studies and decline infrastructure costs related to Carrapateena. Exploration drilling around the Prominent Hill region ceased in the middle of 2012, without the identification of any potentially economic mineralisation, and as such exploration activity at Prominent Hill during the current year was limited to $3.5 million, which decreased by $40.2 million, a 92 percent reduction compared to 2012. Exploration expenditure at Carrapateena during the year was $18.9 million compared to $31.2 million in the prior year with drilling of the Carrapateena Resource completed early in 2013 and exploration focussed mainly on the Khamsin deposit. The remaining exploration expenditure of $10.6 million relates to other/offshore project generation activities.

Corporate expenses

Corporate activities comprise those in direct support of operating activities and those related to largely corporate activities. Support activities cover a range of services and costs provided at the corporate level to achieve efficiencies that relate to Prominent Hill, Carrapateena and exploration activities and include sales and marketing, strategic sourcing, business services, information technology and insurance. These site support costs, including insurance premiums for policies largely in relation to mining operations, totalled $22.8 million in 2013. Corporate activities incurred costs of $20.6 million in 2013. Total corporate costs were reduced by $7.4 million compared to 2012, mainly due to reduction in activity levels and the Company's ongoing focus on cost saving initiatives implemented.

Underlying EBITDA of $115.8 million for the year is lower than the underlying EBITDA of $353.9 million for the comparative year mainly due to the decrease in production and revenue as noted above.

Net financing income

Net financing income for the year was $7.0 million, comprising interest income of $12.4 million earned on cash deposits, which has decreased by $11.1 million compared to 2012 as result of lower cash holdings during the year. The current year interest income has been partially offset by bank charges on undrawn debt facilities of $3.6 million, and the unwinding of the net present value discount on the provision for mine rehabilitation of $1.8 million.

Income tax benefit

Income tax benefit on the underlying loss for the year ended 31 December 2013 year was $33.2 million resulting in an effective tax benefit of 35 percent. This is higher than the Australian company tax rate of 30 percent, primarily due to Research and Development tax offset benefit recognised at 31 December 2013 relating to activities at Prominent Hill and Carrapateena.

Write-down of assets

As announced with the 30 June 2013 results, the Consolidated Entity recognised an asset write-down of $231.9 million post-tax in relation to Prominent Hill property, plant and equipment and gold ore inventories. Further details are provided in Note 7 to the Consolidated Financial Statements. A number of factors have contributed to this asset write-down, including weakened outlooks for copper and gold prices in the near term combined with current and future work conducted at Prominent Hill, as well as the capitalisation of costs for work on the new Malu Underground mine, deferred waste movements and remediation of the south wall overburden slip in Malu Open Pit.

Cash flow overview

	2013 $m	2012 $m	Change $m
Net cash inflows from operating activities	179.1	344.8	(165.7)
Net cash outflows from investing activities	(388.8)	(346.3)	(42.5)
Net cash outflows from financing activities	(91.0)	(225.7)	134.7
Net decrease in cash held	**(300.7)**	**(227.2)**	**(73.5)**
Effects of exchange rate	5.7	0.1	5.6
Cash and cash equivalents at the end of the year	**364.0**	**659.0**	**(295.0)**

Operating activities

	2013 $m	2012 $m	Change $m
Receipts from customers	686.6	904.9	(218.3)
Payments to suppliers and employees	(448.3)	(461.8)	13.5
Payments for exploration and evaluation	(74.5)	(114.1)	39.6
Income taxes refund/(paid)	6.5	(6.5)	13.0
Financing costs and interest paid	(3.6)	(2.4)	(1.2)
Interest received	12.4	24.7	(12.3)
Net cash inflows from operating activities	179.1	344.8	(165.7)

Operating cash flow for the year ended 31 December 2013 was $179.1 million, which is $165.7 million lower than the prior year cash flow of $344.8 million. The reduction was mainly driven by:

- Decrease in receipts from customers of $218.3 million, due to lower
  - 33 percent lower copper volume and 21 percent lower gold volume sold
  - One percent lower copper and nine percent lower gold price and
- Lower interest income generated in the current year due to reduction in cash balance
- Offset by decrease of $39.6 million in cash outflow on exploration and evaluation expenditure and:
- Lower net payments to suppliers and employees of $13.5 million, as a result of:
  - Higher deferred stripping charge which has been allocated to investing activities, $86.6 million
  - Movement in net trade creditor balances of $69.5 million due to timing of shipments and payments to suppliers
  - Offset by the inclusion of full year mining costs for Ankata which was commissioned in August 2012 and higher open pit unit costs

Investing activities

	2013 $m	2012 $m	Change $m
Payments for property, plant and equipment			
Development			
Deferred stripping	(277.6)	(191.0)	(86.6)
Malu Underground development	(38.1)	-	(38.1)
Carrapateena	(7.6)	(2.8)	(4.8)
Sustaining			
Ankata Underground	(62.4)	(77.5)	15.1
Malu Open Pit	(5.6)	(44.9)	39.3
Other	(1.0)	(37.9)	36.9
Proceeds from disposal of assets	3.5	7.8	(4.3)
Net cash outflows from investing activities	(388.8)	(346.3)	(42.5)

Net cash used in investing activities has increased by $42.5 million, to $388.8 million. The current year cash flow mainly consists of payments for property, plant and equipment of $391.3 million, which consists of:

- Deferred waste stripping costs of $277.6 million
- Sustaining capital expenditure of $62.4 million associated with development of Ankata which has been at full production levels for all of 2013
- $7.6 million for the purchase and refurbishment of the TBM
- Mine development costs of the Malu Underground operation of $38.1 million.

Financing activities

Cash flows relating to financing activities were an outflow of $91.0 million, compared to an outflow of $225.7 million in the comparative year. The decrease in the outflow is due to the completion of the share buyback of $100.1 million in the prior year. The current year outflows consist of dividend payments of $91.0 million made during the year, for more details refer to dividend section below.

Other matters

Dividend

In line with its Dividend Policy of paying dividends between 30 to 60 percent of net profit after tax from normal operations on an annual basis, the Company paid a final dividend of $60.7 million in March 2013 relating to profit for the year ended 31 December 2012. In addition, an unfranked dividend of $30.3 million, outside of the Dividend Policy, was paid in September 2013.

Since the end of the financial year, the Board of Directors has resolved to pay an unfranked dividend of 10 cents per share, to be paid on 13 March 2014. The record date for entitlement to this dividend is 26 February 2014. The financial impact of this dividend amounting to $30.3 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2013 and will be recognised in subsequent Financial Statements. This dividend has been declared to be conduit foreign income for Australian income tax purposes.

Balance sheet

Net assets and total equity decreased by $458.0 million during the year to $2,327.9 million, mainly due to the asset write-downs of $231.9 million, dividends of $91 million and the reduced value of $64.9 million of the investment in Sandfire.

Cash and cash equivalents

Cash and cash equivalents at 31 December 2013 of $364.0 million reduced by $295.0 million compared to 2012. The movement in cash balance was mainly due to dividend payments of $91.0 million, payments for property plant equipment of $391.3 million including capitalised mining costs, offset by net cash flows from operating activities of $179.1 million.

Trade and other receivables

Trade and other receivables of $127.6 million at 31 December 2013 compared to $171.7 million in the prior year. The reduction of $44.1 million was due to lower trade receivables at 31 December 2013 reflecting timing of shipments to customers.

Inventories

The reduction of the inventories balance of $79.5 million compared to 2012 was a result of an net realisable value write down of $119.9 million of low grade gold ore stockpiles, offset by an increase in inventories on hand of $40.4 million.

Investments in equity securities

OZ Minerals' investments in equity securities decreased by $74.2 million compared to 2012. This reduction was reflective of the equity markets in 2013, particularly in the resources sector. The value of the 19 percent stake in Sandfire reduced from $258.2 million at 31 December 2012 to $193.3 million at 31 December 2013 due to a reduction in the share price of Sandfire from $8.63 at the end of 2012 to $6.46 at the end of 2013. Refer Note 14 to the Consolidated Financial Statements for details on investments in equity securities.

Finance lease receivable

Finance lease receivable of $50.2 million at 31 December 2013 reduced by $9.4 million following the amortisation of the lease receivable during the year. The consideration paid to acquire mining equipment recognised as a lease receivable will be recovered by OZ Minerals progressively over the mining services contract with Thiess through a reduced mining services charge.

Property, plant and equipment

During the year, OZ Minerals recognised an impairment of $225.0 million which offset the additions to property plant and equipment during the year. The additions to property plant and equipment in 2013 included deferred Malu Open Pit waste mining costs of $277.6 million, capitalisation of Ankata Underground mining expenditure of $62.4 million, capitalisation of Malu development costs of $38.1 million and capitalised Carrapateena infrastructure costs of $7.6 million.

Debt facility

OZ Minerals renewed a US$200 million working capital facility in November which has a three year term to 2016. The debt facility is undrawn.

Outlook for 2014

Existing operations

At Prominent Hill, production guidance for 2014 is higher than 2013 production levels at 75,000 to 80,000 tonnes of copper and 130,000 to 140,000 ounces of gold[7].

Copper production for 2014 is expected to be about 15,000 tonnes per quarter in the first half, with the remainder in the second half. Overall 2014 copper production includes approximately 4,000 tonnes of copper produced from Malu Underground, which is expected to commence commissioning in late 2014.

The 2014 mine plan and schedule will move open pit mining operations progressively towards the core of Malu Open Pit orebody. The mined copper grade and ore tonnes mined are expected to increase through 2014 with a progressive reduction in the mining of lower grade areas.

Combined waste and ore mining in 2014 is expected to be around 62 million tonnes, some 24 million tonnes less than 2013. With forecast reduction in waste movement through 2014, two excavators and their associated truck fleets will be demobilised by the end of the first half of 2014. The first excavator, five haul trucks and one production drill rig were demobilised at the end of December 2013.

This will see lower total expenditure in the pit. However, with lower volumes of material being moved, the cost to move each tonne of material will increase as the lower tonnes to be mined are apportioned against a portion of the mining costs that are fixed.

Equipment demobilisation in the pit will progressively continue over the remaining mine life. The strip ratio for 2014 is expected to be 6-7:1 versus an expected average remaining life of mine strip ratio of 2.3 over 2014 and will result in a lower proportion of waste tonnes allocated to the income statement.

The overall C1 costs of production for the Prominent Hill operation in 2014 are expected to be within the range of US$1.15 to US$1.25 per pound of payable copper. This reduction from the C1 cost in 2013 reflects a number of factors including decreased proportion of waste tonnes allocated to the income statement, and increased copper and gold production.

[7] The information that relates production outlook from existing operations is extracted from the report entitled ‘Prominent Hill Reserves and Resources and Production Outlook’ released to the market on 11 December 2013 (‘PHRR’). The Company confirms that it is not aware of any new information or data that materially affects the information included in the PHRR and that all material assumptions and technical parameters underpinning the estimates in the PHRR continue to apply and have not materially changed.

Outlook for 2015 and beyond from existing operations

Copper production from the existing operations, Malu Open Pit and Ankata Underground, for 2015 to 2018 is expected to exceed 95,000 tonnes per annum based solely on Reserves (i.e. excluding treatment of mined Inferred Resources)[8]. Gold production for the same period, also based only on Reserves, is expected to be in excess of 95,000 ounces per annum, after a small contribution in 2013[8]. The development of Malu Underground* is expected to ramp up to full production rates through 2015, contributing about 10,000 tonnes of copper in that year, after which it is expected to produce between 10,000 tonnes to 20,000 tonnes per annum of copper and 25,000 ounces to 35,000 ounces of gold once it has reached full mining rates in 2016. Consequently, development of Malu Underground* is expected to result in combined production from Prominent Hill for 2015 to 2018 of in excess of 105,000 tonnes of copper and in excess of 105,000 ounces of gold in 2015, increasing to in excess of 120,000 ounces of gold from 2016 to 2018[8].

Based upon the Life of Mine plan, mining in Malu Open Pit is expected to continue until 2018, with stockpiles to be processed after this. Mining from Ankata Underground is expected to continue until 2022. The Malu Underground* is expected to contribute production until at least 2024. With the lower volumes of ore mined post the completion of the open pit, plant throughput will be reduced post 2019 to around 6Mt per annum and batch processing is envisaged after 2022.

*This production target is based on the Company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. It is based on its current understanding of the Resource. The Malu Underground Resource is based on Measured, Indicated and Inferred Resources. 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 target itself will be realised. The Company has not yet completed the necessary technical studies to determine an Ore Reserve and the production target should not be misconstrued as an Ore Reserve. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met and an Ore Reserve evaluation is expected to be made in the first half of 2014.

Growth

In December 2013, the Board approved the commissioning of the new Malu Underground mine in 2014. A Reserve for Malu Underground is anticipated in early 2014, taking into consideration information from the underground drilling program that started at the beginning of 2013.*

Capital expenditure on the Malu Underground is expected to be $71 million in 2014 with a further $87 million to complete the project in the following two years. This will take the total construction capital expenditure to $201 million for this phase of the development of the mine (including expenditure in 2013 but not including potential sales of concentrate made from pre-production ore).

Work on the Carrapateena pre-feasibility study will continue in 2014 with the focus on cost estimation. In 2014 expenditure of $33 million is expected for Carrapateena. This includes the cost of completion of the pre-feasibility study, operating the site, environmental baseline studies and permitting. Any further project costs are subject to the completion of the study.

Exploration at Khamsin, Fremantle Doctor and the 'Saddle' between Fremantle Doctor and Carrapateena is planned to continue in 2014 with expenditure of approximately $15 million. Overseas exploration will continue at three sites located in Chile, Jamaica and Canada with approximately $7 million in expenditure planned.

The Company will continue to apply its disciplined approach in seeking to identify and purchase value accretive copper assets in low risk jurisdictions.

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[8] The information that relates to production outlook from existing operations is extracted from the report entitled 'Prominent Hill Reserves and Resources and Production Outlook' released to the market on 11 December 2013 ('PHRR'). The Company confirms that it is not aware of any new information or data that materially affects the information included in the PHRR and that all material assumptions and technical parameters underpinning the estimates in the PHRR continue to apply and have not materially changed.

Cash flow

Overall, cash out flows are expected to be lower year on year and production higher. The Company's cash position over 2014 is expected to be approximately neutral. This is subject to a number of variables including production outcomes, commodity prices and currencies, shipment timing and the payment of any dividends.

Risks

The Company's annual budget and related production and operation outcomes are subject to a range of assumptions and expectations all of which contain a level of uncertainty and therefore risk. The Company adopts a risk management framework in order to identify, analyse, treat and monitor the risks applicable to the group. The risks are formally reported and discussed with the Company's Executive Committee on a quarterly basis and with the Board twice a year. Risks are analysed and reported on using risk registers which are common to all areas of the business and are centrally consolidated.

Detailed below are risks areas that have been identified as at the date of the Directors Report which may affect the Company's future operating and financial performance and the Company's approach to managing them.

Business risks

Single operating asset

The Company currently has a single operation asset, the Prominent Hill mine in South Australia. The Prominent Hill operation currently provides the Company with the majority of its income. The operation consists of an open pit mine, underground mines, processing plant and village accommodation facilities. Concentrate is transported using road and rail to the Port of Adelaide. While development of the underground mines has mitigated previous sole dependence on the open pit, should any of these elements be subject to failure, the Company's expected financial result may be significantly impacted.

Execution of the Company's strategy

The Company has a stated strategy of seeking to identify and purchase value accretive copper assets in low risk jurisdictions. While the mine life at Prominent Hill has been recently extended, the Carrapateena exploration asset purchased, and the Company's balance sheet is debt free with significant liquidity, there is no guarantee that the Carrapateena exploration asset will be developed or that a value accretive transaction can be procured or implemented. OZ Minerals competes with other entities for deposits. The continuing expected shortages in copper supplies results in significant competition for assets which meet OZ Minerals' strategic goals. OZ Minerals evaluates each opportunity with due care and relies on expert opinion, both internal and external, where necessary. The primary focus is to ensure that any potential transaction will be value accretive to the Company's shareholders.

Operational risks

Increases in costs could result in diminished financial performance

The production and capital costs incurred by OZ Minerals are subject to a variety of factors including and not limited to: fluctuations in input costs determined by global markets, for example, fuel and tyres; changes in economic conditions which impact on margins required by contracting partners; and changes in mining assumptions such as ore grades and pit designs. Significant increases in these or movements in a combination of these elements could have a material adverse effect on the financial performance of the Company.

Reliance on Contractors

Many aspects of the Prominent Hill operations and the Company's exploration and development activities are conducted by contractors. The Company's operational and financial results are impacted by the performance of these contractors, the input costs charged, and the associated risks relating to these contractors, many of which are outside the control of the Company.

Geotechnical failure within mining operations areas and Adverse Weather Conditions

The Prominent Hill site operates both open pit and underground mining operations. Both operations remain subject to geotechnical uncertainty and adverse weather conditions which may manifest in a failure of pit wall or rock falls, mine collapse, cave-ins or other failures to mine infrastructure and reduced productivity. The depth of the open pit will increase until mining ceases in 2018 and the commissioning of Malu Underground will result in increased underground mining activities. Geotechnical failures which impact on either current of future mining zones may result in diminished operational performance and may require significant investment to remediate the failed areas.

Estimates of reserves and resources

The assessment of reserves and resources involve areas of estimation and judgement. Although the reserve and resource estimates and mine plans have been carefully prepared by the Company and in some instances independently verified by independent mining experts or experienced mining operators, these amounts are estimates only and involve matters of judgment and no assurance can be given that any particular level of recovery of minerals from the reserves will in fact be realised or that an identified resource will ever qualify as commercially mineable (or viable) deposit that can be economically exploited. The Company reviews and publishes its reserves and resources annually. The estimation of the Company's reserves and resources involves analysis of drilling results, associated geological and geotechnical interpretations, operating cost and business assumptions and a reliance on commodity price assumptions. The Company's production plan is based on the Reserves and Resources at Prominent Hill and changes to the Reserves and Resources caused by changes to underlying assumptions may impact on the future financial and operational performance of the Company or the economic viability of the Malu Underground project.

Sales of copper concentrates

OZ Minerals' revenue is derived from the sale of copper concentrates and therefore any disruption to the production, transportation, export, import or sale of the product will directly impact the revenue and hence the earnings of the Company.

The marketability of the concentrates is dependent on mine supply, smelter demand and quality of the product. Prominent Hill concentrate has a high copper grade containing gold and silver credits and fluorine and uranium impurities. There is a range of controls in place at Prominent Hill to minimise the fluorine and uranium impurities to be as low as reasonably achievable.

As mining at Prominent Hill progresses deeper in the pit and underground, the proportion of the uranium in the ore is expected to increase and there are various alternatives that are being considered to minimise this impact on potential concentrates sales including ore blending, concentrates blending , (where appropriate, with third party concentrates), and additional flotation treatment in the existing plant. Other metallurgical options are also being considered in a broader context.

There are regulatory limits for these impurities which vary across different jurisdictions. In some jurisdictions, there are limits tested by assay or physical measure of these and associated impurities, which without exemption can impede the importation of the concentrate.

It is possible that regulators in various jurisdictions may change these limits, apply a more stringent approach to guidelines and impose additional requirements/measurements or introduce requirements/measurements not previously applied.

These changes may result in additional requirements related to the ore, tailings or concentrates or result in difficulty in selling, transporting or importing Prominent Hill concentrates in the various jurisdictions which would affect the Company's financial performance.

Financial risks

Significant reduction in realised prices for copper, gold or silver production

The prices received for the commodities which the Company sells (copper, gold and silver) are dictated by global commodity markets over which OZ Minerals has no influence. The Company takes no active steps to hedge or 'take a view' on commodity prices and as such changes in prices will have a direct impact on the Company's financial performance.

Significant increases in the Australian/US dollar exchange rate

The Company's functional currency is the Australian dollar which reflects the majority of its cost base. Revenues from concentrate sales are denominated in US dollars which are then converted to Australian dollars for reporting purposes. The Company also physically converts US dollars into Australian dollars to meet its cost obligations. The Company does not 'take a view' on the level of the Australian dollar or take active steps to hedge the currency. As such an increase in the Australian dollar will result in a lower value of Australian dollars upon conversion which will adversely affect the Company's financial position.

Sustainability and personnel

Injury or harm to people and property while performing work relating to OZ Minerals operations

OZ Minerals undertakes operations in areas which may pose a safety risk, including but not limited to areas such as handling explosives, underground operations subject to rock fall, confined spaces, areas where heavy and light vehicles interact, manual handling and operating at on areas at height. The occurrence of significant safety incidents could result in regulatory investigations or restrictions which may delay production and have a significant negative impact on the morale of the workforce.

Breach of environmental regulations

The Company operates under a range of environmental regulation and guidelines. The cost of this obligation is provided for in the Company's accounts. Environmental regulations and health guidelines for certain products and by-products produced or to be produced are generally becoming more onerous. Increased environmental regulation of the Company's products and activities or any changes to the environmental regulations could have an adverse effect on the Company's financial condition and results of operation. The Company is required to close its operations and rehabilitate the land affected by the operation at the conclusion of mining and processing activities. Although estimates of these costs are reflected as provisions in the financial statements the actual closure costs may be higher than estimated.

Maintenance of community relations and good title

The Company works closely with local communities affected by mining or exploration activities, particularly the indigenous communities in South Australia. The Company has compensation agreements in place with those communities affected by mining activities and these arrangements are revised and updated from time to time.

The Prominent Hill mine is located within the 'green zone' of the Woomera Prohibited Area and the Company has entered into a Deed of Access with the Commonwealth of Australia that governs the terms of access. The Company has controls in place to ensure compliance with the Deed and relies on good relations with the Australian Defence Department regarding defence operations in the Woomera region and any potential impact that these operations may have on mining operations.

The Company also relies on maintenance of good title over the authorisations, permits and licences which allow it to operate. Loss of good title or access due to challenges instituted by issuers of authorisations, permits or licences, such as government authorities or land owners may result in disrupted operations.

Competent person statements

Mineral resources

The information in this report that relates to Mineral Resources is based on information compiled by Colin Lollo, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM Membership No. 225331). Colin Lollo is a full time employee of OZ Minerals Limited, and is listed on the OZ Minerals Limited share registry. Colin Lollo has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Colin Lollo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Ore reserves

The information in this report that relates to Ore Reserves is based on information compiled by Justin Taylor BEng (Min), a Member of the Australasian Institute of Mining and Metallurgy AusIMM Membership No.307796. Justin Taylor is a full time employee of OZ Minerals Limited. Justin Taylor has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Justin Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration results

The information in this report that relates to Exploration Results in respect to Khamsin and Fremantle Doctor are based on information compiled by Mr Anthony Houston BSC, a Competent Person who is a Member of the Australasian Institute of Geoscientists and is a full time employee of OZ Minerals Limited. Mr Houston has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Mr Houston consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer

This report sets out the information on the business strategies and prospects for future financial years and refers to likely developments in OZ Minerals' operations and the expected results of the operations in future financial years. Information in this report is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the consolidated entity. Detail that could give rise to likely material detriment to OZ Minerals, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Other than the information set out in this report, information about other likely developments in OZ Minerals' operations and the expected results of these operations in future financial years has not been included.

REMUNERATION OVERVIEW

This general overview is unaudited and should be read in conjunction with the attached Remuneration Report. Its purpose is to provide an executive summary of the Company's remuneration arrangements during the year.

The Company's remuneration arrangements have been designed to maintain alignment with the shareholders' interests (both short term and long term) and to ensure remuneration remains competitive. This is to enable the Company to retain and attract talented people, who are vital to delivering a sustainable and prosperous future, and therefore achieve its strategic objectives and maximise shareholder value. The Company's remuneration policy and structure for its senior executives who are key management personnel ('Executive KMP') is largely unchanged from the previous year and comprises two main components:

- **a fixed component** which is the total base salary and, for Australian employees, includes compulsory employer superannuation contributions; which will be paid by the Company up to the legislated maximum contribution base for KMP; and
- **a variable 'at risk' component** which is performance based and comprises a cash short term performance incentive ('STI') plan that is linked to both the performance of the Company and individual performance, and an Executive Long Term Incentive ('LTI') program under which executives, at the discretion of the Board, are offered performance rights which vest if the Company achieves certain hurdles over a three year period linked to Total Shareholder Return ('TSR') against a comparator group of companies.

Other than as described below, the remuneration structure and components of the remuneration package of the Managing Director and Chief Executive Officer ('MD&CEO') are largely unchanged from previous years.

In light of market conditions for 2013, the Board made a decision not to grant an increase to Mr Burgess' 2013 remuneration from the previous year, other than an increase of approximately $1,300 to reflect the increase required by law to the annual superannuation guarantee contribution from 1 July 2013 up to the maximum contribution base. Mr Burgess has not received a remuneration increase since 2011.

Short Term Incentive ('STI') Plan and STI Pool

A refinement to the STI Plan was made to ensure that the STI is positioned as a truly variable annual incentive where challenging performance measures are set with reference to the Company's corporate objectives, plans and budget. Achievement of target performance (which is planned or budgeted performance, set at a pre-determined challenging level) produces a 70 percent outcome; achievement of stretch performance (which is outstanding performance set at a pre-determined stretch level) produces a 100 percent outcome, and achievement of threshold performance (which is set at a pre-determined minimum level) produces a 50 percent outcome, with no payment below threshold performance, except at the Board's discretion.

In addition, unlike previous years, the Board has the discretion, if it considers it would be in the interests of the Company and the shareholders to exercise this discretion, not to make any of the STI Pool available for allocation amongst the Executive KMP, or to reduce the amount of the STI Pool that would otherwise be available. This is an overriding condition to the payment of any STI. The revised STI Pool cannot exceed the aggregate of the maximum value of STI potentially payable to each of the Executive KMP nor the maximum amount that the KMP would have otherwise received based upon the achievement of his or her performance conditions.

For 2013 STI Plan, the Board, with the assistance of the Human Resources and Remuneration Committee, resolved not to make any of the STI Pool available and, accordingly, not to award any STI to the Executive KMP having regard to the unsatisfactory operational earnings performance of the Company and current market conditions.

Discretionary Bonus

In recognition of the significant safety performance improvement of the Company as described in the Remuneration Report, the Board, with the assistance of the Human Resources and Remuneration Committee, resolved to pay the MD&CEO and other Executive KMP a cash bonus. This payment is a discretionary payment outside the terms of the STI Plan. The amount of the discretionary bonus that the MD&CEO will receive is less than the amount that the MD&CEO would have received under the STI Plan if the STI Pool had been made available, and less than the amount that the MD&CEO would have received for safety performance under the STI Plan.

Long Term Incentive ('LTI') Program

As foreshadowed in last year's report, only half the normal allocation of LTIs was granted to participants in the program in 2013. The Board had determined that, for greater transparency and administrative reasons, it would change the normal month in which LTIs are granted to July rather than December so as to more closely align the timing of the issue of performance rights to a date after the annual general meeting and that this change is to be implemented in July 2014, with only a fifty percent allocation of LTI entitlement in 2013.

REMUNERATION OVERVIEW – CONTINUED

Remuneration packages of Executive KMP

The following table shows the annual remuneration packages of the Executive KMP during the year ended 31 December 2013.

Name	Fixed annual remuneration (including superannuation contributions) $	STI as percentage of fixed annual remuneration %	LTI as percentage of fixed annual remuneration (maximum) %
Terry Burgess, MD&CEO	1,082,880	0 – 100	80
Andrew Coles, Chief Financial Officer (CFO)	561,310	0 – 80	80
Francesca Lee, General Counsel and Company Secretary (GC&CS)	551,310	0 – 80	80

Remuneration details prepared in accordance with the *Corporations Act 2001* and accounting standards are set out in Table 7 in the Remuneration Report.

Remuneration Outcomes for Executive KMP received for 2013

Outlined in the unaudited table below are details of the remuneration delivered to the Executive KMP for the financial year 2013. It includes all fixed and at risk components (if any) to which the Executive KMP have become entitled (i.e. those that have vested upon satisfaction of relevant performance conditions). It also includes the discretionary bonus which the Board has determined should be paid to the Executive KMP. This table does not comply with the accounting standards. It has been prepared specifically to disclose the value of remuneration received by the MD&CEO and the other two Executive KMP ('Other Executive KMP'), including the amount (if any) 'realised' in the current financial year with respect to long term incentive grants awarded in prior years.

For full details of the audited cost to the Company of the remuneration of the MD&CEO and Other Executive KMP, calculated in accordance with the accounting standards and the *Corporations Act 2001*, refer Table 7 of the Remuneration Report.

The *Corporations Act 2001* requires information in Table 7 of the Remuneration Report to incorporate the relevant definitions and classifications from the accounting standards, that are based upon accrual accounting and which require a valuation to be placed upon LTIPs that have not vested in the year and which may not vest in future years, unless the performance conditions are met. Unlike Table 7 of the Remuneration Report the table below does not include the value of any LTIPs that have not vested in the year. For accounting purposes, the value of performance-based or 'at risk' remuneration in the form of share based long term incentives grants is calculated at the time of the grant. The table below also, unlike Table 7 of the Remuneration Report which reflects the requirements under the accounting standards, does not include any accrued long service leave which the Executive KMP are only entitled to receive upon reaching the qualifying period or accrued annual leave that has not been cashed out or taken.

KMP	Cash salary[(a)] $	Short term incentive[(b)] $	Discretionary Bonus[(c)] $	Long term incentive[(d)] $	Other[(e)] $	Company contributions to superannuation $	Total $
Terry Burgess							
2013	1,064,452	–	100,000	–	4,918	17,775	1,187,145
2012	1,065,105	540,788	–	–	1,729	16,470	1,624,092
Andrew Coles							
2013	542,880	–	50,000	–	2,640	17,775	613,295
2012	543,530	224,000	–	–	4,100	16,470	788,100
Francesca Lee							
2013	532,880	–	50,000	–	8,669	17,775	609,324
2012	533,530	220,000	–	–	10,446	16,470	780,446

(a) The cash salary reflects the total amount of fixed pay received by the Executive KMP during 2013, as set out in Table 7 in the Remuneration Report.

(b) While the STI for the 2012 financial year was paid during 2013 this amount is not included in the table for 2013 as it relates to the achievement of performance conditions in respect of the 2012 financial year and was included in the calculation of the STI for 2012. For the 2013 financial year, the Board exercised its discretion not to make any of the STI Pool available and accordingly the Executive KMP will not receive any STI payment under the STI Plan.

(c) The Board, with the assistance of the Human Resources and Remuneration Committee resolved to make a discretionary bonus to each of the Executive KMP in recognition of the significant safety performance improvement of the Company for 2013.

(d) For the value of share based long term incentives calculated in accordance with the accounting standards, refer to Table 7 in the Remuneration Report. This Long Term Incentive column is unaudited and records the actual value realised by the Executive KMP rather than the value calculated according to the accounting standards. As no rights vested during 2013 and 2012, the amount is nil for those years.

(e) Other amounts include the value (where applicable) of benefits such as compulsory annual health checks, car parking or other benefits that are available to all employees of OZ Minerals. These amounts have been determined in accordance with the accounting standards, are inclusive of Fringe Benefits Tax where applicable and are consistent with the amounts disclosed in the total remuneration in Table 7 of the Remuneration Report. They do not include net accruals for long service leave or accrued annual leave.

Developments for 2014

Following consideration of the Company's current size, complexity and performance, the Board has decided, based on a recommendation from the Human Resources and Remuneration Committee, to reduce fees paid to non-executive directors in 2014. Accordingly the Chairman's base fee rate has been reduced by $50,000 to $313,285 per annum and the NED Base fee rate has been reduced by $25,000 to $120,314 per annum.

In light of current market conditions and the desire of the Board to further the Company's cost cutting initiatives, the Board resolved not to grant any increase to the fixed annual remuneration of the MD&CEO and the other Executive KMP for 2014. The Board and Human Resources and Remuneration Committee did not consider it necessary to engage external remuneration consultants to assist with the determination of remuneration for 2014.

The three STI performance categories for the MD&CEO of operational and financial performance, sustainability performance and growth performance continue to apply for 2014 but there is a heavier weighting for achievement of targets relating to Prominent Hill operational and financial performance.

REMUNERATION REPORT

The Directors of OZ Minerals Limited present the Remuneration Report for the Company and the Consolidated Entity for the year ended 31 December 2013. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*.

1. Details of Key Management Personnel

The Remuneration Report sets out remuneration information for OZ Minerals for 2013. The Consolidated Entity's Key Management Personel ('KMP') are listed in Tables 1.1 and 1.2 below, and consist of the Non-Executive Directors ('NEDs'), and the Executive KMP comprising the Managing Director and Chief Executive Officer ('MD&CEO'), Chief Financial Officer ('CFO') and General Counsel & Company Secretary ('GC&CS') who are accountable for planning, directing and controlling the affairs of the Company and its controlled entities.

Table 1.1 - Executive KMP's during 2013

Name	Position	Period as KMP
Terry Burgess	MD&CEO	All of 2013
Andrew Coles	CFO	All of 2013
Francesca Lee	GC&CS	All of 2013

Table 1.2 - Non-Executive Directors during 2013 and Board Committees to which they belonged in 2013

		Committees*			
Name	Board Position*	Human Resources and Remuneration	Nomination and Board Governance	Audit	Sustainability
Neil Hamilton	Chairman	Member	Chairman	–	–
Paul Dowd	Director	–	Member	–	Member and was appointed Chairman on 1 July 2013
Brian Jamieson	Director	–	–	Ceased to be Chairman on 1 July 2013 and remained as a Member	Member from 1 July 2013
Barry Lavin	Director until 8 March 2013	Member until 8 March 2013	–	–	Member until 8 March 2013
Charles Lenegan	Director	–	Member	Member and was appointed Chairman on 1 July 2013	–
Rebecca McGrath	Director	Chairman	–	Member	–
Dean Pritchard	Director	Member from 1 July 2013	–	–	Ceased to be Chairman on 1 July 2013 and remained as a Member

* Except for the changes described above, all positions on the Board and Committees were held for the entire year. Non-Executive Directors of OZ Minerals are Independent Directors pursuant to the terms of the ASX Corporate Governance Principles and Recommendations, as detailed in Box 2.1 of those Recommendations and the Board's Charter.

2. Remuneration policy

Overview of remuneration policy and practices

The remuneration policy outlined below demonstrates the linkage between remuneration and business strategies and the impact that those imperatives have on the actual remuneration arrangements of the Company. The overriding business objective is to achieve superior returns compared to its peers in the resources sector.

The Company's remuneration policy is underscored by the following guidelines on remuneration:

Business needs and market alignment

OZ Minerals' remuneration policy is designed to facilitate the achievement of corporate objectives. It is based on current remuneration practices and is aligned with the achievement of TSR.

Simplicity and equity

OZ Minerals' remuneration philosophy, policy, principles and structures are simple to understand, communicate and implement, and are equitable across the Company and its diverse workforce.

Performance and reward linkages

Well-designed remuneration policy supports and drives Company and team performance and encourages the demonstration of desired behaviours. Performance measures and targets are few in number, outcome-focused and customised at an individual level to maximise performance, accountability and reward linkages.

Market positioning and remuneration mix

Remuneration comprises fixed remuneration, and incentive (or 'at-risk') remuneration, which is determined by corporate and individual performance. Fixed remuneration is competitive, positioned to have regard to the challenges of attracting and retaining high performers in business critical roles, particularly in the mining industry. Additional remuneration incentives are delivered through 'at risk' remuneration programs. The Company targets fixed remuneration plus 'at target' remuneration incentives at between the median (P50) and the 75th percentile (P75) of relevant external market rates, for business critical roles.

Talent management and reward linkages

Remuneration policy is tightly linked with the performance and talent management frameworks in order to reward and recognise the achievement of role accountabilities and to support the engagement of future leaders.

Governance, transparency and communication with shareholders

OZ Minerals is committed to developing and maintaining remuneration policy and practices that are targeted at the achievement of corporate objectives and the maximisation of shareholder value. It will openly communicate this to shareholders and other relevant stakeholders, and will always be within the boundaries of legal, regulatory and industrial requirements. The Board has absolute discretion in the development, implementation and review of the key aspects of remuneration.

Key principles of Executive KMP remuneration

Executive KMP remuneration is comprised of fixed remuneration and at-risk incentive based remuneration. At-risk remuneration is that part of Executive KMP's and other employees' remuneration which is tied to achievement of a combination of Company, site, team and individual performance objectives, for the creation of shareholder value. There are two components of at-risk remuneration - the STI and LTI.

To ensure that executive remuneration remains consistent with the Company's remuneration policy and guiding principles, remuneration is reviewed annually by the Board with the assistance of the Human Resources and Remuneration Committee and, where needed, external remuneration consultants. In conducting the remuneration review the Board considers:

- the remuneration policy and practices;
- the core skills and experience required of each role in order to grade positions accurately;
- market benchmarks using salary survey data from the Australian Industrials and Resources sectors;
- individual performance against key job objectives as specified in the person's annual performance contract, and with comparison against their peers; and
- business plans and budgets.

Box 2.1 - Questions and answers about Executive KMP remuneration

Remuneration mix	
What is the balance between fixed and 'at risk' remuneration?	The mix of fixed and at-risk remuneration varies depending on the role and grading of executives (being the MD&CEO, direct reports to the MD&CEO and heads of divisions), and also depends on the performance of the Company and individual executives. More senior positions have a greater proportion of at risk remuneration. For all Executive KMP, it is possible that no at-risk remuneration will be earned and that fixed remuneration will represent 100 percent of total remuneration. If maximum at-risk remuneration is earned, the ratio percentage of fixed to at-risk remuneration would be: • MD&CEO: 35.7 percent fixed, 64.3 percent at-risk; and • Other Executive KMP: 38.5 percent fixed and 61.5 percent at risk.

Fixed remuneration	
What is included in fixed remuneration?	Fixed remuneration provides a regular base reward that reflects the job size, role, responsibilities and professional competence of each executive, according to their knowledge, experience and accountabilities and considering external market relativities. An Executive KMP's fixed remuneration comprises salary and certain other benefits (including statutory superannuation contributions) that may be taken in an agreed form, including cash, leased motor vehicles and additional superannuation, provided that no extra cost is incurred by the Company for these benefits.
When and how is fixed remuneration reviewed?	Fixed remuneration is reviewed annually. Any adjustments to the fixed remuneration for the MD&CEO and the Other Executive KMP's must be approved by the Board after recommendation by the Human Resources and Remuneration Committee. The Company seeks to position the fixed remuneration at between the 50th and 75th percentile or higher for business critical roles of salaries for comparable companies within the mining market and, where appropriate, the broader general industry market.

STI	
What is the STI Plan?	The STI plan is a variable, performance based, annual cash incentive scheme designed to reward high performance against challenging, clearly defined and measurable objectives that are based on a mixture of targets and are set to incentivise superior performance, with specific targets or metrics in each category.
Why does the Board consider an STI Plan is appropriate?	Variable performance based remuneration strengthens the link between pay and performance. The purpose of these programs is to make a large proportion of the total market reward package subject to meeting various targets linked to OZ Minerals' business objectives. The use of variable performance based remuneration avoids much higher levels of fixed remuneration and is designed to focus and motivate employees to achieve outcomes beyond the standard expected in the normal course of ongoing employment. A reward structure that provides variable performance based remuneration is also necessary as a competitive remuneration package in the Australian and global marketplace for executives.
Does the STI take into account different levels of performance compared to objectives?	Yes, the STI plan has three performance levels - target, stretch and threshold. To achieve target performance an Executive KMP has to achieve planned or budgeted performance, set at a pre-determined challenging level. To achieve stretch performance an Executive KMP has to achieve outstanding performance set at a pre-determined stretch level. To achieve threshold performance an Executive KMP has to achieve performance set at a pre-determined minimum level. Weightings are applied by the Board to a range of specific performance categories which are monitored during the year and assessed at the end of the relevant financial year. Subject to performance, the range of outcomes for the STI will be zero - 100 percent of fixed annual remuneration for the MD&CEO and zero – 80 percent for Other Executive KMP.

What are the performance conditions?	The performance conditions or KPIs are set at the beginning of each year and are designed to drive successful and sustainable financial and business outcomes and are set with reference to the Board approved corporate objectives, plans and budget. The KPIs for the MD&CEO for 2013 comprised: • **sustainability performance** with a weighting of 25 percent and which was assessed against the achievement of safety targets (such as a significant reduction in total recordable injury frequency rate, ('TRIFR'), actions to reduce the number of high potential incidents, no significant safety or community incidents nor environmental non-compliances; and improvements in gender diversity particularly the initiatives taken by the MD&CEO in leading and championing initiatives to increase the number of females employed at senior levels in the Group; • **financial and operational performance** with a weighting of 40 percent which was assessed against total material movement and production volumes for the open pit and underground mine, plant performance and C1 costs with an adjustment for currency and commodity price movements and activities outside budgeted activity at the discretion of the Board; and • **investment in growth performance** with a weighting of 35 percent which was assessed against the quality of growth opportunities presented to the Board in line with the Company's strategy, progress on the Carrapateena project against key milestones and the Carrapateena budget; and progress against the Prominent Hill mine life extension project. The functional KPIs for the CFO related to the achievement of targets and objectives in the functional areas over which he has responsibility being finance, tax, treasury, commercial services, information technology and business systems and sales & marketing, and the KPIs for his individual performance related to his contribution as a member of the Executive Committee, towards the development and implementation of the Company's strategy in all areas of the Company. The functional KPIs for the GC&CS related to the achievement of targets and objectives in the functional areas over which she has responsibility being the general oversight of legal issues relating to the Company and company secretarial and Board governance matters and remuneration benefits, and the KPIs for her individual performance related to her contribution as a manager of the functional areas over which she has responsibility and as a member of the Executive Committee towards the development and implementation of the Company's strategy in all areas of the Company.
Is there an overriding financial performance condition or other condition?	Yes there is. The availability of the STI Pool is subject to the discretion of the Board and the Board, having regard to the interests of the Company and shareholders, can choose not to pay, or reduce the amount of the STI otherwise payable.
How were the performance conditions determined?	The KPIs were set and weighted by the Board to ensure that the MD&CEO's 2013 STIs were linked to the Company's performance against its key business and strategic objectives and key areas of focus for the year, such as improving the Company's sustainability performance; operational and financial performance; and further progressing the Company's growth objectives. Regard is also had to the specific performance of the MD&CEO and his ability to influence the outcome of the Company's performance. The KPIs for each of the Other Executive KMP were determined by the MD&CEO after consultation with them and endorsement by the Board. As stated above, the KPIs are determined having regard to the performance conditions set for the MD&CEO and the key areas of focus within their functional responsibilities as contemplated in the business plan and Company's strategy. The weighting for the Other Executive KMP was 50 percent relating to the Company's performance, and 50 percent relating to functional and individual performance.
What is the value of the STI opportunity?	For 2013, the STI reward opportunity for the MD&CEO was 70 percent of the total fixed remuneration at 'target' level, 100 percent of total fixed remuneration at 'stretch' or 'maximum' level, and 50 percent of total fixed remuneration at 'threshold' or 'minimum' level, with graded payments in between these levels at the Board's discretion, and no payment below the minimum level except at the Board's discretion. The STI reward opportunity for the Other Executive KMP was 56 percent of total fixed remuneration at 'target' level, 80 percent at 'stretch' or 'maximum' level and 40 percent at 'threshold' or 'minimum' level, with graded payments between these levels and no payment below the minimum level except at the Board's discretion. If the executive leaves OZ Minerals then the Good Leaver Policy may apply (subject to the executive's contract) and, if the requirements are met, the STI may be granted on a pro rata basis in relation to the period of service completed, subject to the discretion of the Board and conditional upon the individual performance of the relevant executive.

How is STI assessed?	The MD&CEO assesses the business performance of the executive team throughout the year for progress and improvement, to arrive at a summary assessment at year end for discussion with the Human Resources and Remuneration Committee and the Board, particularly in respect of the GC&CS who has a direct reporting line to the Board as well as the MD&CEO. As a higher level review, the Board also reviews the performance assessment of all executives who report directly to the MD&CEO, with a view to understanding, endorsing and/or discussing individual circumstances and potential. The Human Resources and Remuneration Committee and the Board assess the performance of the MD&CEO against the performance targets and objectives set for that year.
LTIP	
What is the LTI Program (LTIP)?	The LTIP is the equity component of the at-risk reward opportunity and is linked to the Company's medium to long term Total Shareholder Return ('TSR') performance.
Why does the Board consider a LTIP is appropriate?	The Company believes that a LTIP can: • focus and motivate employees to achieve outcomes beyond the standard expected in the normal course of ongoing employment; • ensure that business decisions and strategic planning have regard to the Company's long term performance; • be consistent with contemporary remuneration governance standards and guidelines; • be consistent and competitive with current practices of comparable companies; and • create an immediate ownership mindset among the executive participants, linking a substantial portion of their potential total reward to OZ Minerals' ongoing share price and returns to shareholders.
What types of equity may be granted under the LTIP?	Performance Rights are granted under the OZ Minerals LTIP as further detailed in the table below.
Was a grant made in 2013?	A grant was made on 20 December 2013 to all continuing participants in the LTIP. The number of performance rights granted to each executive was calculated in accordance with the formula approved by the shareholders at the 2013 Annual General Meeting and by reference to the volume weighted average share price on the five trading days up to and including the grant date being $2.86 per share. The terms and conditions of the grant are similar to the previous grants issued since 2009, except that only half the number of performance rights were granted to participants in the program in 2013. The Board had determined that, for greater transparency and administrative reasons, it would change the normal month in which LTIs are granted to July rather than December so as to more closely align the timing of the issue of performance rights to a date after the annual general meeting and that this change is to be implemented in July 2014, with only a fifty percent allocation of LTI entitlement in 2013.

What are the performance conditions?	The performance conditions are: (a) the executive meeting the Service Condition; and (b) OZ Minerals meeting the LTIP Performance Condition. The two conditions are referred to as the Vesting Conditions. **Service condition** The service condition is met if employment with OZ Minerals is continuous for three years commencing on the grant date ('performance period'). If the executive leaves the Company as a good leaver before the end of the service condition period then the Good Leaver Policy will apply, as described below. **LTIP performance condition** The LTIP Performance Condition is the Company's TSR as measured against a comparator group. The Board considers that TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders. TSR reflects benefits received by shareholders through share price growth and dividend yield and is the most widely used long term incentive hurdle in Australia. To ensure an objective assessment of the relative TSR comparison the Company employs an independent organisation to calculate the TSR ranking. The performance rights will only vest where the TSR performance of the Company relative to the selected Comparator Group measured over the Performance Period is at the 50th percentile or above.

TSR ranking versus Comparator Group	Percentage of maximum award
Below the 50th percentile	0 percent vest
At the 50th percentile	50 percent vest
Between the 50th and 75th percentile	Between 50 percent and 100 percent vest progressively by using a straight line interpolation
At or above the 75th percentile	100 percent vest

Why were the performance conditions chosen?	The approach to linking individual executive performance (including mandatory service periods) and Company performance to the vesting of equity rights is standard market practice. The conditions are aimed at linking the retention and performance of the executives directly to rewards, but only where shareholder returns are realised. The focus on employee-held equity is also part of a deliberate policy to strengthen engagement and direct personal interest to the achievement of returns for shareholders.

What is the comparator group?

The comparator companies selected are considered to be alternative investment vehicles for local and global investors and are impacted by commodity prices and cyclical factors, in a similar way to OZ Minerals. The list of comparator group companies appears in the following table. Following the delisting of Inmet Mining Corporation, Ivanhoe Australia Limited and Xstrata Plc the Board resolved to replace these companies with Rex Minerals Limited and Ivanhoe Mines Limited.

Companies	OZ Minerals LTIP (Dec 2013 and Dec 2012)	OZ Minerals LTIP (Dec 2010 and Dec 2011)
Anglo American Plc	✓	✓
Antofagasta Plc	✓	✓
Barrick Gold Corporation	✓	✓
BHP Billiton Limited	✓	✓
Boliden AB	✓	✓
Capstone Mining Co	✓	
First Quantum Minerals Ltd.	✓	✓
Freeport McMoran Copper & Gold, Inc.	✓	✓
HudBay Minerals, Inc.	✓	✓
Ivanhoe Mines Limited	✓	✓
Kagara Ltd		✓
Katanga Mining Limited	✓	
Kazakhmys Plc	✓	
KGHM International Ltd	✓	
Lundin Mining Corporation	✓	✓
Mercator Minerals Ltd.	✓	
Newcrest Mining Limited	✓	✓
Newmont Mining Corporation	✓	✓
PanAust Limited	✓	✓
Rex Minerals Limited	✓	✓
Rio Tinto Limited	✓	✓
Sandfire Resources NL	✓	
Southern Copper Corporation	✓	✓
Taseko Mines Limited	✓	
Vedanta Resources Plc	✓	
Western Areas NL		✓

What happens to equity rights granted under the LTI program when an executive ceases employment?	If an executive ceases employment with OZ Minerals before the performance condition is tested, then his or her unvested equity rights will generally lapse unless the Good Leaver Policy applies. Under the terms of the Good Leaver Policy, subject to the discretion of the Board, at the time of termination (unless by reason of death or disability) a pro rata number of performance rights, calculated in accordance with the proportion of the performance period worked, may continue to be subject to performance conditions as set by the Board. If, and when these rights vest, they will be exercisable up until their original expiry date. If cessation is due to death or disability, all unvested performance rights will vest at that time.
What happens in the event of a change of control?	In the event of a takeover or change of control of OZ Minerals, any unvested equity rights may vest at the Board's discretion. Factors that the Board may consider when exercising its discretion to vest any outstanding performance rights include pro-rata awards for the period from the date of grant until the date change of control occurs.
Do shares granted upon vesting of equity rights granted under the LTIP dilute existing shareholders' equity?	Generally, there is no dilution of shareholders' pre-existing equity as shares allocated to the participants in the LTIP upon vesting of equity rights are usually satisfied by purchases by the plan trustee on market.
Does the Company have a policy in relation to margin loans and hedging at risk remuneration?	Under the Company's Securities Trading Policy, all executives, directors and officers are prohibited from entering to financing arrangements where the monies owed to the lender are secured against a mortgage over OZ Minerals' shares. Transactions entered into prior to 19 November 2009, when the prohibition was introduced, are exempted from the policy. The Company's Securities Trading Policy also prohibits executives and employees from entering into any hedging arrangement over unvested securities issued pursuant to any share scheme, performance rights plan or option plan.

The table below summarises the LTIPs which were in operation during the year:

Box 2.2 - Details of LTIPs

Element	Equity rights granted under the OZ Minerals LTIP–December 2013, 2012, December 2011 and December 2010[(a)(b)]
Type of equity rights granted	Performance rights
Number of shares which underlie the performance rights	2013 – 1 share 2012 – 1 share 2011 – 1 share 2010 – 1.0904 share
Calculation of value of equity rights granted	80 percent of executives' personal total fixed remuneration based on the volume weighted average price ('VWAP') of OZ Minerals' shares over the five trading days up to and including the grant date but for the reasons noted earlier in the report only half the numbers were granted in 2013
Grant date	2013 : 20 December 2013 2012 : 21 December 2012 2011 : 22 December 2011 2010 : 10 December 2010
Performance and vesting period	2013 : 20 December 2013 – 19 December 2016 2012 : 21 December 2012 – 20 December 2015 2011 : 22 December 2011 – 21 December 2014 2010 : 10 December 2010 – 9 December 2013
Expiry date	2013 : 28 February 2017 2012 : 28 February 2016 2011 : 28 February 2015 2010 : 28 February 2014
Vesting conditions	See table below
Exercise price for performance rights	Not applicable – provided at no cost

Vesting conditions:

TSR ranking versus Comparator Group	Percentage of maximum award
Below the 50th percentile	0 percent vest
At the 50th percentile	50 percent vest
Between the 50th and 75th percentile	Between 50 percent and 100 percent vest progressively by using a straight line interpolation
At or above the 75th percentile	100 percent vest

(a) Performance rights granted under the OZ Minerals LTIP (last grant made in December 2013) are granted for no consideration. The performance measurement period is three years. Performance rights granted under the plan carry no dividend or voting rights. The shares when issued on vesting of a performance right rank equally in all respects with previously issued fully paid ordinary shares.

(b) For performance rights granted prior to 2011, the number of shares underlying each performance right granted to all participants under the OZ Minerals LTIs were amended to incorporate an adjustment formula, as set out in Resolution 6 of the Notice of Annual General Meeting dated 7 April 2011, to adjust the number of shares underlying each performance right in the event of a return of capital and to give effect to the intent contemplated by the rules. This amendment was effective at the date the resolution was passed at the 2011 AGM on 18 May 2011 and applies to all historical grants that have been made under the Company's LTIP and to any new grants made under the LTIP. In particular, as previously disclosed in the 2011 Notice of Annual General Meeting, the adjustment formula has been applied to those performance rights that were on issue at the time of the capital return made to shareholders in June 2011 in order to adjust the number of shares underlying those performance rights so that holders receive an additional number of shares if and when their performance rights vest. Consistent with ASX Listing Rule 7.22.3, the additional number of shares reflects the value of the cash amount per share returned to shareholders in the capital return. This ensures that performance rights holders are not disadvantaged relative to ordinary shareholders and that the value of their performance rights is not eroded by the capital return. Importantly, no shares will be received in respect of, and no additional shares will be received as a result of an adjustment to, any performance rights that do not vest (for instance because performance and/or service conditions are not met).

3. Executive KMP employment arrangements

The remuneration arrangements for Executive KMP are formalised in employment contracts. Each of these agreements provide for the payment of fixed remuneration, performance-related cash bonuses under the STI plan (as discussed above), other benefits, and participation, where eligible, in the Company's LTIP (as discussed above).

Table 2 - Termination provision of Executive KMP - during 2013

Name	Term of contract	Notice period by either party	Termination benefit
Terry Burgess	Permanent – ongoing until notice has been given by either party.	Twelve months notice by the Company. Company may elect to make payment in lieu of notice. No notice requirements for termination by Company for cause. Six months notice by Terry Burgess.	Twelve months fixed remuneration in the case of termination by the Company. No termination benefits (other than accrued entitlements) in the case of termination by the Company for cause. Upon the occurrence of a fundamental change in his role or position, he is entitled to receive twelve months fixed annual remuneration plus at the discretion of the Board, STI and LTI treatment in accordance with the Good Leaver Policy.
Andrew Coles Francesca Lee	Permanent – ongoing until notice has been given by either party.	Three months notice by either party. Company may elect to make payment in lieu of notice. No notice requirements for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company. No termination benefits (other than accrued entitlements) in the case of termination by the Company for cause. Upon the occurrence of a fundamental change in the role, the executive may terminate his or her employment within thirty days of the event giving rise to the fundamental change and receive the same payments from the Company as if it was a termination by the Company for no cause, plus at the discretion of the Board, STI and LTI treatment in accordance with the Good Leaver Policy.

Executives are eligible for a termination benefit, other than when dismissed for gross misconduct. Where an Executive KMP leaves the Company as a Good Leaver then the Good Leaver Policy may apply at the discretion of the Board (refer Box 2.1).

4. Company performance and remuneration

Company performance

A summary of OZ Minerals' business performance as measured by a range of financial and other indicators is outlined in the table below.

Table 3 - Company performance [(a)]

Measure	2013	2012[(c)]	2011	2010	2009
Earnings before interest, income tax, depreciation and amortisation from continuing operations - $m	(215.5)	353.9	510.1	786.6	221.9
(Losses)/earnings before interest and income tax from continuing operations - $m	(434.0)	179.2	345.9	634.0	136.2
Net (loss)/profit after income tax - $m	(294.4)	152.0	274.5	586.9	(517.3)
Cash and cash equivalents attributable to continuing operations at year end - $m	364.0	659.0	886.1	1,334.2	1,076.2
Net cash inflow from operating activities - $m	179.1	344.8	647.1	616.1	176.6
Basic (loss)/earnings per share – cents	(97.1)	49.5	85.6	187.2	(166.0)
Share price at beginning of year - $ [(b)]	6.70	10.01	17.20	11.80	5.50
Share price at end of year - $ [(b)]	3.15	6.70	10.01	17.20	11.80
Dividends per share - cents [(b)]	30	40	70	30	–
Capital return per share - $ [(b)]	–	–	1.20	–	–
Shares bought back on market and cancelled - $m	–	100.1	99.9	–	–

(a) Refer to the Operating and Financial Review section in the Directors Report for a commentary on the consolidated results, including underlying performance of the Company.

(b) Where applicable, amounts in the table above, have been adjusted for the 1:10 share consolidation completed in 2011.

(c) Comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping costs in the Production Phase of a Surface Mine,* which impacts the treatment of waste stripping costs.

5. Determining STI Outcomes and STI Payments to Executive KMP in 2013

Board Discretion Regarding STI Pool

As specified in Box 2.1, the Board has the absolute discretion to determine the amount of the STI Pool from which STIs are to be allocated and payable to the Executive KMP irrespective of the level at which the Executive KMP has met the performance conditions. For 2013, the Board, with the assistance of the Human Resources and Remuneration Committee and the support of the MD&CEO resolved not to make any of the STI Pool available having regard to the unsatisfactory operational earnings performance of the Company and current market conditions. Accordingly, as shown in Table 4 below, the Executive KMP will not receive any STI payments under the STI Plan for 2013.

Table 4– STI payments to Executive KMP in 2013

Name	Payment $	Maximum potential value of payment[(a)] $	Percentage of maximum grant awarded[(b)] Percent
Terry Burgess	–	1,082,227	–
Andrew Coles	–	448,524	–
Francesca Lee	–	440,524	–

(a) The minimum potential value of the payments was nil. The maximum payment refers to the 12 month period ended 31 December 2013.

(b) The percentage of this payment that was not achieved (and was therefore forfeited) was 100 percent less the percentage shown in this column.

Discretionary Bonus

In recognition of the significant safety performance improvement of the Company for 2013 and to emphasise the importance of the Company's safety strategy which is based on the Company's commitment to achieving Zero Harm by Choice, the Board, with the assistance of the Human Resources and Remuneration Committee, resolved to pay the MD&CEO a discretionary bonus of $100,000 and the GC&CS, and CFO a discretionary bonus of $50,000. These amounts are less than the amounts the Executive KMP would have received under the STI Plan if the STI Pool had been made available.

OZ Minerals achieved sustained positive improvement in its safety performance with a significant improvement in Total Recordable Injury Frequency Rate ('TRIFR') per million hours worked to 7.69 (full year 2012:10.46). The Lost Time Injury Frequency Rate ('LTIFR') per million hours worked decreased to 0.96 from 1.46 in 2012. There were no permanent or serious disabling injuries in 2013 – extending this achievement to 3 consecutive years. A key focus for 2013 was the identification of incidents with high potential for more serious consequences and significant work was undertaken to develop good disciplines for recognising when an incident or near miss has the potential to become more serious. In 2013 more detailed communications were developed for each high potential incident and this information has been shared at safety and management forums.

As the payment is a discretionary unplanned bonus outside the terms of the Remuneration Policy, there is no maximum or minimum payment and there is no entitlement to, or expectation from, any of the Executive KMP to any future discretionary bonus of this nature. The grant date for payment was December 11 2013. The payment will be made to the Executive KMP in March 2014.

6. Equity rights held by and granted to Executive KMP

As part of its remuneration policy, the Company granted equity rights to Executive KMP during the year, as set out in Table 5 below. Details of equity rights granted in prior years to Executive KMP that remain unvested at 31 December 2013 are also included in Table 5 below.

No performance rights held by Executive KMP vested during the year and no performance rights were exercised by Executive KMP during the year. Table 6 sets out details of the performance rights held by Executive KMP that lapsed during the year. No performance rights have vested for the Company's executives since 2008.

Further details are also set out in Notes 32 and 33 to the Financial Statements.

Table 5 – Performance rights held by Executive KMP as at 31 December 2013

Senior Executives	Grant date(d)	Performance rights(a) Number	Fair value per performance right(b) $	Maximum value of grant(c) $
Terry Burgess	20 Dec 2013	151,412	1.97	1,158,302
	21 Dec 2012	123,693	4.05	1,422,470
	22 Dec 2011	80,356	6.55	924,094
Andrew Coles	20 Dec 2013	78,395	1.97	599,722
	21 Dec 2012	64,043	4.05	736,495
	22 Dec 2011	41,524	6.55	477,526
Francesca Lee	20 Dec 2013	76,995	1.97	589,012
	21 Dec 2012	62,900	4.05	723,350
	22 Dec 2011	40,755	6.55	468,683

(a) The grant made to the Executive KMP for 2013 represented 50 percent of the grants available for the year having regard to the intention of the Board to grant the 2014 LTIs in July rather than December 2014. The grants made to Executive KMP for 2012 and 2011 constituted 100 percent of the grants available for each year and were made on the terms summarised in Boxes 2.1 and 2.2. The expiry date for performance rights granted on 20 December 2013 is 28 February 2017. Refer to Box 2.2 for the expiry date of all other equity rights described above.

(b) The fair values were calculated as at the grant dates. In accordance with the requirements of applicable Accounting Standards, remuneration includes a proportion of the notional value of equity rights compensation granted or outstanding during the year. The notional value of equity rights granted as compensation is determined as at the grant date and progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may in fact receive. The values were calculated by an external third party based on the Black-Scholes pricing assumptions to produce a Monte Carlo simulation model.

(c) The maximum value of the grants has been estimated based on a 52 week high in the calendar year of the grant. For the 2013 grant this was $7.65 per instrument. The minimum total value of each grant, if the applicable performance conditions are not met, is nil.

(d) The vesting date for each of the 2013, 2012, and 2011 grants is the date that OZ Minerals notifies the participants that the vesting conditions have been satisfied which will occur no later than 28 February 2017 for the 2013 grant, 28 February 2016 for the 2012 grant, and 28 February 2015 for the 2011 grant.

Table 6 - Movement in performance rights lapsed/forfeited during 2013 for Executive KMP

Executive KMP	Grant date	Forfeited/ lapsed(b) Number	Shares underlying lapsed instruments(c) Number	Date of lapse	Share price at date of lapse $	Forfeited/ lapsed value(a) $
Terry Burgess	10 Dec 2010	(45,811)	(49,952)	20 Dec 2013	3.08	(153,852)
Andrew Coles	10 Dec 2010	(24,111)	(26,291)	20 Dec 2013	3.08	(80,976)
Francesca Lee	10 Dec 2010	(24,111)	(26,291)	20 Dec 2013	3.08	(80,976)

(a) The value of each Performance Right on the date of lapse is based on the closing market price of OZ Minerals shares on the ASX on the trading date.

(b) No performance rights vested during the year.

(c) The number of securities that were forfeited or lapsed represents 100 percent of the number of securities available for forfeiture or lapsing for each particular grant included in the table, adjusted for the 1:10 share consolidation and return of capital which occurred during 2011.

7. Total Remuneration for Executive KMP

Table 7 - Total rewards to Executive KMP

	Short-term benefits					Long term benefits	Post employment benefits		Share-based payments		
	Cash salary $	Incentive payment $	Discretionary bonus payment [(a)] $	Accrued annual leave[(d)] $	Other benefits [(b)] $	Long term benefits other[(e)] $	Company contributions to superannuation [(f)] $	Termination benefits $	Value of options and performance rights [(c)] $	Total fixed and at risk remuneration $	At risk remuneration as percentage of total fixed and at-risk remuneration %
Terry Burgess											
2013	1,064,452	–	100,000	(27,485)	4,918	24,050	17,775	–	499,156	1,682,866	36
2012	1,065,105	540,788	–	87,826	1,729	24,372	16,470	–	499,524	2,235,814	47
Andrew Coles											
2013	542,880	–	50,000	14,572	2,640	10,524	17,775	–	259,577	897,968	34
2012	543,530	224,000	–	8,675	4,100	14,069	16,470	–	261,181	1,072,025	45
Francesca Lee											
2013	532,880	–	50,000	7,271	8,669	10,328	17,775	–	256,324	883,247	35
2012	533,530	220,000	–	24,454	10,446	13,580	16,470	–	259,451	1,077,931	44

(a) The amount represents a discretionary bonus which is to be paid in March 2014.

(b) Other benefits include the value (where applicable) of benefits such as compulsory annual health checks, car parking or other benefits that are available to all employees of OZ Minerals, and are inclusive of fringe benefits tax where applicable.

(c) The fair values were calculated as at the grant dates. In accordance with the requirements of applicable Accounting Standards, remuneration includes a proportion of the notional value of equity rights compensation granted or outstanding during the year. The notional value of equity rights granted as compensation which do not vest during the reporting period is determined as at the grant date and progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual executives may in fact receive. The values were calculated by an external third party based on the Black-Scholes pricing assumptions to produce a Monte Carlo simulation model. The percentage of each Executive KMP's remuneration for year ended 31 December 2013 that consisted of Performance Rights was as follows: Terry Burgess 30 percent, Andrew Coles 29 percent, Francesca Lee 29 percent.

(d) Annual leave has been separately categorised and is measured on an accrual basis and reflects the movement in the accrual over the 12 month period. Any reduction in accrued annual leave reflects more leave taken/cashed out than that which accrued in the period.

(e) Represents the net accrual movement for Long Service Leave (LSL) over the 12 month period which will only be paid if Executive KMP meet the required service conditions.

(f) Represents direct contributions to superannuation funds. Amounts greater than the maximum superannuation level have been paid and included in cash salary.

8. Non-Executive Director remuneration

8.1 Non-Executive Director remuneration policy

Non-Executive Director ('NED') remuneration is reviewed annually by the Board. NEDs receive a fixed fee remuneration consisting of a base fee rate and additional fees for committee roles.

Consistent with best practice, NEDs do not receive any form of equity incentive entitlement, bonuses, options, other incentive payments or retirement benefits. In the past the Company paid retirement benefits to NEDs. These benefits were frozen at 31 December 2005 and the value at that date is adjusted each year at a bank interest rate. Details are set out in Table 10.

NEDs are encouraged to build up over a five year period a minimum shareholding of at least the equivalent of one years' annual fees in the form of shares.

As approved at the OZ Minerals General Meeting on 18 July 2008, the maximum fees payable per annum is $2,700,000 in total. Total fees received by NEDs in 2013 were $1,400,824, which was below the maximum approved amount. The fees that applied for 2013 are described below. There was no increase to the fees from 2012. The Chairman was paid a flat fee, with no additional fees for service on Committees.

Following consideration of the Company's current size, complexity and performance, the Board has decided based on a recommendation from the Human Resources and Remuneration Committee to reduce fees paid to NEDs in 2014. Accordingly the Chairman's base fee rate has been reduced by $50,000 to $313,285 per annum and the NED Base fee rate has been reduced by $25,000 to $120,314.

Table 8 - Details of NED remuneration

2013	Chairman $ per annum	NED $ per annum
Base fee rate	363,285	145,314

In addition to the fees specified above, all directors (including the Chairman) are entitled to superannuation contributions (or cash in lieu thereof) equal to 9.25 percent calculated on base Board and Committee fees, and are entitled to be reimbursed for travelling and other expenses properly incurred by them in attending any meeting or otherwise in connection with the business or affairs of the Company, in accordance with the Company's constitution.

Table 9 - Additional fees for NEDs other than the Chairman

2013	Committee chair $ per annum	Committee member $ per annum
Audit	43,056	21,528
Sustainability	21,528	10,764
Remuneration	21,528	10,764
Nomination & Governance	–	5,382

All NEDs (other than the Chairman) receive a fee for being a Director of the Board and additional fees for either chairing or being a member of a Board Committee. See Table 1.2 for details of the composition of the Committees. This composition changed from last year.

8.2 Total Fees paid to NEDs

Total fees received by NEDs in 2013 was $1,400,824 (2012: $1,535,075) compared with the maximum approved fees payable of $2,700,000. Payments and non-monetary benefits received by NEDs individually are set out in the following table:

Table 10 - Total remuneration paid to NEDs

	Director's fees			Post-employment benefits		
	Board fees and cash benefits $	Committee fees $	Non monetary benefits $	Retirement benefit adjustment (a) $	Company contributions to superannuation (b) $	Total fixed remuneration $
Neil Hamilton						
2013	379,511	–	–	–	16,924	396,435
2012	379,633	–	–	–	16,348	395,981
Paul Dowd						
2013	145,314	21,528	–	–	15,231	182,073
2012	145,314	16,146	–	–	14,531	175,991
Brian Jamieson						
2013	145,798	37,674	–	672	16,208	200,352
2012	146,361	43,056	–	1,017	15,906	206,340
Charles Lenegan						
2013	145,314	37,674	–	–	16,711	199,699
2012	145,314	26,910	–	–	15,500	187,724
Rebecca McGrath						
2013	145,798	43,056	–	–	16,705	205,559
2012	145,425	43,056	–	–	16,842	205,323
Dean Pritchard						
2013	148,584	22,012	–	–	11,470	182,066
2012	145,314	21,528	–	–	15,016	181,858
Former						
Barry Lavin(c)						
2013	27,679	4,101	–	–	2,860	34,640
2012	145,314	21,528	–	–	15,016	181,858

(a) In the past OZ Minerals paid retirement benefits to NEDs, however, these benefits were frozen at 31 December 2005. As advised in previous years, the value at that date is adjusted each year at a bank interest rate and the increase in value from the previous year is accrued in the retirement benefit adjustment. Retirement benefits were adjusted for 2013 at an average bank interest rate of 2.34 percent per annum (3.67 percent in 2012). A retirement benefit, including the retirement benefit adjustment for 2013 has been accrued for Brian Jamieson of $29,389.

(b) Represents direct contributions to superannuation funds. Amounts greater than the maximum superannuation contribution level have been paid and included in board fees and cash benefits.

(c) Mr Lavin resigned on 8 March 2013.

9. Engagement of Remuneration Consultants

The Board and Human Resources and Remuneration Committee seek and consider advice from independent remuneration consultants to ensure that it has at its disposal information relevant to the determination of all aspects of remuneration relating to the Executive KMP. The Board, with the assistance of the Human Resources and Remuneration Committee, has protocols to formalise the arrangements for the engagement of remuneration consultants and the parameters around the interaction between management and the consultants ('Protocols') with a view to minimising the risk of any undue influence occurring and ensuring compliance with the requirements of the *Corporations Act 2001*.

Under the Protocols adopted by the Board and Human Resources and Remuneration Committee:

- remuneration consultants are engaged by and report directly to the Board or the Human Resources and Remuneration Committee;
- the Committee must in deciding whether to approve the engagement have regard to any potential conflicts of interest including factors that may influence independence such as previous and future work performed by the Committee, any relationships that exist between any KMP and the consultant;
- communication between the remuneration consultants and KMP is restricted to minimise the risk of undue influence on the remuneration consultant; and
- where the consultant is also engaged to perform work that does not involve the provision of a remuneration recommendation, prior approval of the Board or Human Resources and Remuneration Committee must be obtained in certain circumstances where than consultant continues to be engaged to provide remuneration recommendations.

The advice and recommendations of remuneration consultants are used as a guide by the Board and the Human Resources and Remuneration Committee. Decisions are made by the Board after its own consideration of the issues but having regard to the advice of the Human Resources and Remuneration Committee and the consultants. No remuneration consultants were used in 2013.

AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To: the Directors of OZ Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2013 there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Michael Bray
Partner
Melbourne
12 February 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013	Notes	2013 $m	**2012 $m
Revenue from sale of concentrates	3	644.0	985.7
Net gain on sale of assets in Cambodia	9	0.9	18.8
Other income	4	1.8	7.9
Net foreign exchange gains/(losses)		40.9	(11.3)
Changes in inventories of ore and concentrate		25.0	(42.9)
Consumables and other direct costs		(343.5)	(293.2)
Employee benefit expenses		(78.5)	(79.2)
Exploration and evaluation expenses		(74.5)	(114.1)
Freight expenses		(40.3)	(47.4)
Royalties expense		(9.5)	(14.8)
Share of net loss of investment in Toro	13	(1.3)	(2.1)
Depreciation and amortisation expenses	17	(218.5)	(174.7)
Write-down of assets	7	(331.3)	–
Other expenses		(49.2)	(53.5)
(Loss)/profit before net financing income and income tax		(434.0)	179.2
Financing income	6	12.4	23.5
Financing expenses	6	(5.4)	(3.6)
Net financing income	6	7.0	19.9
(Loss)/profit before income tax		(427.0)	199.1
Income tax benefit/(expense)	8	132.6	(47.1)
(Loss)/profit for the year attributable to equity holders of OZ Minerals Limited		(294.4)	152.0
		Cents	**Cents**
Basic and diluted (loss)/earnings per share	25	(97.1)	49.5

** Comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

The above Consolidated Income Statement should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013	Notes	2013 $m	2012 $m
(Loss)/profit for the year		(294.4)	152.0
Other Comprehensive (Losses)/Income			
Items that will not be reclassified to income statement			
Change in fair value of investments in equity securities, net of tax	14	(76.3)	61.0
Items that may be reclassified to income statement			
Foreign currency translation differences		(0.9)	–
Total comprehensive (loss)/income for the year attributable to equity holders of OZ Minerals Limited		(371.6)	213.0

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Issued capital $m	Retained earnings $m	Treasury shares $m	Foreign currency translation reserve $m	Total equity $m
For the year ended 31 December 2013						
Balance as at 1 January 2013		2,058.9	728.0	(4.4)	3.4	2,785.9
Loss for the year		–	(294.4)	–	–	(294.4)
Other comprehensive income						
Change in fair value of investments in equity securities, net of income tax	14	–	(76.3)	–	–	(76.3)
Foreign currency translation differences		–	–	–	(0.9)	(0.9)
Total comprehensive loss for the year		–	(370.7)	–	(0.9)	(371.6)
Transactions with owners, recorded directly in equity						
Dividends	24	–	(91.0)	–	–	(91.0)
Share-based payment transactions, net of income tax	33	–	4.6	–	–	4.6
Exercise of performance rights	21	–	(4.3)	4.3	–	–
Total transactions with owners		–	(90.7)	4.3	–	(86.4)
Balance as at 31 December 2013		2,058.9	266.6	(0.1)	2.5	2,327.9
For the year ended 31 December 2012						
Balance as at 1 January 2012		2,159.0	638.2	(6.4)	3.4	2,794.2
Profit for the year		–	152.0	–	–	152.0
Other comprehensive income						
Change in fair value of investments in equity securities, net of income tax	14	–	61.0	–	–	61.0
Total comprehensive income for the year		–	213.0	–	–	213.0
Transactions with owners, recorded directly in equity						
Dividends	24	–	(124.6)	–	–	(124.6)
Share buy-back	20	(100.1)	–	–	–	(100.1)
Share-based payment transactions, net of income tax	33	–	4.4	–	–	4.4
Purchase of treasury shares	21	–	–	(1.0)	–	(1.0)
Exercise of performance rights	21	–	(3.0)	3.0	–	–
Total transactions with owners		(100.1)	(123.2)	2.0	–	(221.3)
Balance as at 31 December 2012		2,058.9	728.0	(4.4)	3.4	2,785.9

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2013	Notes	2013 $m	**2012 $m
Current assets			
Cash and cash equivalents	10	364.0	659.0
Trade and other receivables	11	127.6	171.7
Inventories	12	150.8	162.3
Current tax asset		–	5.1
Prepayments		4.0	5.9
Total current assets		646.4	1,004.0
Non-current assets			
Inventories	7,12	22.0	90.0
Investments accounted for using the equity method	13	27.1	27.4
Investments in equity securities	14	214.4	288.6
Intangible assets	15	252.2	252.2
Lease receivable	16	50.2	59.6
Property, plant and equipment	7,17	1,304.8	1,363.8
Total non-current assets		1,870.7	2,081.6
Total assets		2,517.1	3,085.6
Current liabilities			
Trade and other payables	18	133.7	108.3
Provisions	19	10.3	8.2
Total current liabilities		144.0	116.5
Non-current liabilities			
Deferred tax liabilities	8	30.9	162.1
Provisions	19	14.3	21.1
Total non-current liabilities		45.2	183.2
Total liabilities		189.2	299.7
Net assets		2,327.9	2,785.9
Equity			
Issued capital	20	2,058.9	2,058.9
Retained earnings		266.6	728.0
Treasury shares	21	(0.1)	(4.4)
Foreign currency translation reserve	22	2.5	3.4
Total equity attributable to equity holders of OZ Minerals Limited		2,327.9	2,785.9

** Comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013	Notes	2013 $m	**2012 $m
Cash flows from operating activities			
Receipts from customers		686.6	904.9
Payments to suppliers and employees		(448.3)	(461.8)
Payments for exploration and evaluation		(74.5)	(114.1)
Income taxes refund/(paid)		6.5	(6.5)
Financing costs and interest paid		(3.6)	(2.4)
Interest received		12.4	24.7
Net cash inflows from operating activities	23	179.1	344.8
Cash flows from investing activities			
Payment for property, plant and equipment	17	(391.3)	(316.2)
Proceeds from disposal of assets	9	3.5	7.8
Payments for investment	13	(1.0)	–
Net proceeds from sale of pre commissioning Ankata ore concentrates	17	–	24.9
Refund for acquired intangible assets - Carrapateena		–	0.9
Payment for acquired lease assets	16	–	(63.7)
Net cash outflows from investing activities		(388.8)	(346.3)
Cash flows from financing activities			
Dividends paid to shareholders	24	(91.0)	(124.6)
Payments on share buy-back	20	–	(100.1)
Payments on purchase of treasury shares	21	–	(1.0)
Net cash outflows from financing activities		(91.0)	(225.7)
Net decrease in cash held		(300.7)	(227.2)
Cash and cash equivalents at beginning of the year		659.0	886.1
Effects of exchange rate changes on foreign currency denominated cash balances		5.7	0.1
Cash and cash equivalents at the end of the year	10	364.0	659.0

** Comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

OZ Minerals received shares in Renaissance Minerals Limited to the value of $0.9 million (2012: $8.0 million), on disposal of the Cambodia assets. The receipt of these shares constituted non-cash investing activities and accordingly is not included in the Consolidated Statement of Cash Flows above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of significant accounting policies

(a) Reporting entity

OZ Minerals Limited is a company domiciled in Australia. The registered office of the Company is at Level 10, 31 Queen Street, Melbourne, 3000, Victoria, Australia. The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its controlled entities and the Consolidated Entity's interest in associates and joint arrangements (together referred to as the 'Consolidated Entity'). The Consolidated Entity is primarily involved in the mining of copper, gold and silver and the conduct of exploration and development projects.

(b) Statement of compliance

These Consolidated Financial Statements are general purpose Financial Statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') including Australian interpretations adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The Financial Statements of the Consolidated Entity complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The Consolidated Financial Statements were authorised for issue by the Directors on 12 February 2014.

(c) Basis of preparation of financial information

(i) Functional and presentation currency

The Consolidated Financial Statements are presented in Australian dollars. Items included in the Financial Statements of OZ Minerals Limited and each of its controlled entities are measured using the currency of the primary economic environment in which the controlled entity operates, the 'functional currency'.

(ii) Historical costs

These Consolidated Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the following items which are measured at fair value:

- financial instruments, including trade receivables, at fair value through profit and loss;
- investments in equity securities;
- derivative financial instruments; and
- items of inventory and property, plant and equipment where the historical cost has been written down in accordance with applicable accounting standard requirements.

(iii) Mandatory standards adopted during the year

The following mandatory accounting standards were required to be adopted by the Consolidated Entity during the year:

- AASB 10 *Consolidated Financial Statements* which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 10 provides a revised approach to determining which investees should be consolidated. The standard changes the requirements for determining whether an entity is consolidated by revising the definition of control and adding further guiding principles. The application of AASB 10 did not have any impact on the amounts recognised in the Consolidated Financial Statements.
- AASB 11 *Joint Arrangements* which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 11 removes the option to account for jointly controlled entities ('JCEs') using proportionate consolidation. Instead JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method. The application of AASB 11 did not have any impact on the Consolidated Entity's Financial Statements.
- AASB 12 *Disclosure of Interests in Other Entities* which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 12 includes all of the disclosures that were previously in AASB 127 *Consolidated and Separate Financial Statements* and AASB 131 *Interest in Joint Ventures*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The revised standard requires a number of additional disclosures in certain circumstances however has no impact on the Consolidated Entity's financial position or performance.
- AASB 13 *Fair value measurement*, which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 13 establishes a single source of guidance under accounting standards for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASBs when fair value is required or permitted. The application of AASB 13 did not have a material impact on the amounts recognised in the Consolidated Financial Statements, other than in the Consolidated Entity's carrying value assessment. For details refer to Note 7 to the Consolidated Financial Statements.
- AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* and AASB 2011-12 *Amendments to Australian Accounting Standards arising from AASB Interpretation 20*. For details refer Note 35 to the Consolidated Financial Statements.

In addition AASB 119, *Employee Benefits (2011)*, AASB 27 *Separate Financial Statements (2011)*, AASB 28 *Investments in Associates and Joint Ventures (2011)* and Amendments to AASB 7, *Disclosures – Offsetting Financial Assets and Financial Liabilities* were issued and required to be adopted by the Consolidated Entity. The adoption of these standards did have not a material impact on the Consolidated Financial Statements.

(iv) Early adoption of standards

The Consolidated Entity did not early adopt any accounting standards during the year.

(v) Issued standards and pronouncements not early adopted

Other than as described below, standards issued and available for early adoption but not applied by the Consolidated Entity or not available for early adoption which will become mandatory in subsequent years are not expected to have a material impact on the Financial Statements of the Consolidated Entity.

- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement* removes the requirements to include individual key management personnel disclosures in the Notes to the Financial Statements. The Consolidated Entity will still need to provide these disclosures in the Remuneration Report under section 300A of the *Corporations Act 2001*. The amendments, which will become mandatory for the Consolidated Entity's December 2014 Financial Statements, are not expected to have any impact on the Financial Statements, other than removal of duplicated disclosures.

(vi) Critical accounting estimates and judgements

The preparation of the Consolidated Financial Statements in conformity with AASBs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer Note 2 to the Consolidated Financial Statements for more detail on critical accounting estimates and judgements.

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities over which the Consolidated Entity is capable of exerting control. The Consolidated Entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where the Consolidated Entity holds less than a majority of the voting rights, other relevant factors are considered in assessing whether power over the entity exists. Factors considered include rights arising from other contractual arrangements, any contractual arrangements with other vote holders as well as the Consolidated Entity's voting and potential voting rights.

The Consolidated Entity reassesses whether it controls an entity if facts and circumstances indicate that there has been a change in one of the factors which indicate control. Subsidiaries are consolidated from the date on which control is assessed to exist until the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between companies controlled by the Consolidated Entity are eliminated on consolidation. Unrealised losses are also eliminated on consolidation unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Consolidated Entity.

(ii) Associates

Associates are all entities over which the Consolidated Entity has significant influence, but not control, of the financial and operating policies.

Associates are accounted for using the equity method and are initially recognised at cost. The Consolidated Entity's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Consolidated Financial Statements include the Consolidated Entity's share of the income and expenses and equity movements of the equity accounted investees, after adjustments to align the accounting policies with those of the Consolidated Entity, from the date that significant influence commences until the date that significant influence ceases. Dividends received from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Consolidated Entity has a legal or constructive obligation or has made payments on behalf of the investee.

(iii) Joint arrangements

Joint arrangements are those arrangements over which more than one party including the Consolidated Entity have joint control. Joint control only exists where decision making about the relevant activities requires consent of all parties who share joint control of the arrangement.

Joint operations

A joint operation exists where the parties that hold joint control of an arrangement have rights to the assets and obligations to settle the liabilities. Where material the Consolidated Entity's share of assets, liabilities, revenue and expenses have been incorporated in the Financial Statements under the appropriate headings. In addition any revenue from the sale of the Consolidated Entity's share of output arising from a joint operation is also included in the Consolidated Financial Statements under the appropriate headings.

Joint ventures

A joint venture is an arrangement in which the Consolidated Entity has joint control, whereby the Consolidated Entity holds the right to the net assets of the arrangement rather than rights to assets and obligations for liabilities. Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs and any goodwill arising. Subsequent to the initial recognition, the Consolidated Financial Statements include the Consolidated Entity's share of the profit or loss and Other Comprehensive Income relating to the joint arrangement until such time as joint control ceases. Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with that of the Consolidated Entity. On loss of joint control any difference between the carrying amount and the fair value of the retained investment (if any) and the proceeds from disposal is recognised in the Income Statement.

(e) Non-derivative financial instruments

The Consolidated Entity classifies its financial assets into the following categories:

- financial assets at amortised cost; and
- financial assets at fair value.

A financial asset is classified at amortised cost if it is held within a business model in which the objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

The Consolidated Entity's trade receivables are recorded at fair value in accordance with the policy set out in Note 1(q) and 1(u).

Financial assets measured at amortised cost are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the carrying value of amortised cost instruments is determined using the effective interest rate method.

Financial assets measured at fair value include investments in equity instruments which are not held for trading. The Consolidated Entity recognises the fair value changes in the Income Statement, unless it irrevocably elects at initial recognition to present the changes in Other Comprehensive Income. Amounts classified in Other Comprehensive Income are never reclassified to profit and loss at a later date. Dividends from investments in equity instruments are recognised in profit and loss as part of finance income, rather than Other Comprehensive Income, unless they clearly represent a partial recovery of the cost of the investment.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of the cash flows on recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Consolidated Entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements in the hedging reserve in equity are shown in Consolidated Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining term to maturity of the instrument is more than twelve months; it is classified as a current asset or liability when the remaining term to maturity of the instrument is less than twelve months. Trading derivatives are classified as a current asset or liability.

(i) Fair values hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The gain or loss relating to the ineffective portion is recognised in the Income Statement within other income or other expenses. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Income Statement within other income or other expenses together with the gain or loss relating to the ineffective portion and changes in the fair value of the hedged fixed rate borrowings attributable to the interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast interest payment that is hedged impacts profit or loss). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Income Statement within 'financing expenses'.

For option contracts, the fair value is apportioned between the intrinsic value and time value. The gain or loss arising from the change in intrinsic value is recognised in equity in the hedging reserve. Amounts accumulated in equity are recycled in the Income Statement in the periods in which the hedged item will affect profit or loss (e.g. when the forecast sale that is hedged will take place). Any gain or loss arising from the change in time value of option contracts is recognised immediately in the Income Statement.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement and are included in other income or expenses.

Where an embedded derivative is identified and the derivative's risks and characteristics are not considered to be closely related to the underlying host contract, the fair value of the derivative is recognised on the Balance Sheet and changes in the fair value of the embedded derivative are recognised in the Income Statement.

(g) Foreign exchange

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined.

(ii) Companies of the Consolidated Entity

The results and financial position of all entities within the Consolidated Entity (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- income and expenses for each Income Statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- all resulting exchange differences are recognised as a separate component of equity in the foreign currency translation reserve; and

- on consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold a proportionate share of such exchange differences is recognised in the Income Statement as part of the gain or loss on sale where applicable.

While intercompany balances are eliminated on consolidation, any related foreign exchange gains or losses arising between entities that do not have the same functional currency, will not be eliminated. This is because the Consolidated Entity has a real exposure to a foreign currency since one of the entities will need to obtain or sell foreign currency in order to settle the obligation or realise the proceeds received. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Inventories

Stores and consumables, ore and concentrate are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and a proportion of variable and fixed overhead expenditure which is directly related to the production of inventories, the latter being allocated on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value assessment of ore stockpiles considers the expected future ore blend rates, including timing of milling the ore, ore grades and existing market pricing conditions at the time when the finished goods from which the ore stockpiles are used to produce are sold.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Cost includes direct material, depreciation associated with any recognised deferred stripping assets, mining, processing including depreciation of plant and equipment, labour, related transportation costs to the point of sale, mine rehabilitation costs incurred in the extraction process and other fixed and variable costs directly related to mining activities.

Inventories expected to be processed or sold within twelve months after the balance sheet date are classified as current assets, all other inventories are classified as non-current assets.

(i) Income tax

Income tax expense or benefit for the period is the tax payable/recoverable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements, and any unused tax losses. Current and deferred tax expense attributable to amounts recognised directly in equity is also recognised directly in equity.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

OZ Minerals Limited and its wholly-owned Australian controlled entities are part of a tax consolidated group. OZ Minerals Limited is the head of the tax consolidated group.

(j) Leases

At inception of an arrangement which requires the use of a specific asset and contains a right to use the asset, the Consolidated Entity determines whether such an arrangement is or contains a lease. The payments and other considerations required by such an arrangement relating to a lease and other elements are separated on the basis of relative fair values and recognised as a lease asset or liability.

Lessee

(i) Finance Leases

Leases of property, plant and equipment, where the Consolidated Entity has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included as interest bearing liabilities. Each lease payment is allocated between a reduction in the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

If the Consolidated Entity concludes for a finance lease that it is not possible to separate payments reliably, an asset and a liability equal to the fair value of the underlying asset is recognised. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Consolidated Entity's incremental borrowing rate. The property, plant and equipment acquired under a finance lease is depreciated over the shorter of the asset's useful life and the lease term.

(ii) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

Lessor

Leases in which the Consolidated Entity transfers substantially all the risks and rewards of ownership of an asset are classified as finance leases. Where a finance lease is provided, the item of equipment is derecognised and the present value of the minimum lease payments receivable are recognised as a lease receivable. Contingent rents are recognised as revenue in the period in which they are earned.

(k) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses recognised. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset into use. Income generated during the development or commissioning of an asset is recognised as a reduction from the costs incurred. Cost also includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, and also includes subsequent costs to develop the mine to the production phase. Any ongoing costs associated with mining which are considered to benefit mining operations in future periods are capitalised.

Land and buildings comprise freehold land, buildings and leasehold improvements including airstrips and earthworks.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial year in which they are incurred.

The depreciation methods adopted by the Consolidated Entity are shown in the table below:

Category	**Depreciation method**
Freehold land	Not depreciated
Buildings and other infrastructure	Straight line over life of mine
Short term plant and equipment	Straight line over life of asset
Processing plant	Units of ore milled over mine reserves
Mine property and development	Units of ore extracted over mine reserves

The depreciation of mine, property and development commences when the mine starts commercial production.

Any gains and losses on disposals are determined by comparing proceeds with asset carrying amounts and are recognised as other income or other expense.

(i) Overburden and waste removal

Refer to Note 35 to the Consolidated Financial Statements for a description of the accounting policy applied to overburden and waste removal.

(ii) Exploration and evaluation expenditure

Exploration and evaluation expenditure is recognised in the Income Statement as incurred, unless the expenditure is expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, in which case it is recognised as an asset on an area of interest basis.

Exploration and evaluation assets are classified as tangible (as part of property, plant and equipment) or intangible according to the nature of the assets. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of the impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating units ('CGU') are not larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral reserves in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property and development assets within property, plant and equipment.

(iii) Earn in arrangements

From time to time the Consolidated Entity enters into arrangements which enable it the opportunity to explore on, and potentially earn the right to mineralisation if discovered on underlying exploration tenements held by other entities (earn in arrangements). Expenditure incurred under earn in arrangements is expensed as incurred. Under the agreements OZ Minerals does not assume any liabilities or hold any rights to other assets that the holder of the tenement may possess, and has no binding commitment to undertake any activities or expenditure.

(l) Intangibles

(i) Acquired mineral rights

Acquired mineral rights comprise exploration and evaluation assets including ore reserves and mineral resources which are acquired as part of:

- business combinations recognised at fair value at the date of acquisition; and/or
- asset acquisitions recognised at cost.

The acquired mineral rights are reclassified as mine property and development from commencement of development and amortised when commercial production commences on a unit of production basis over the estimated economic reserve of the mine, in accordance with Note 1(k).

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the identifiable assets acquired and liabilities and contingent liabilities assumed of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(iii) Computer software

Costs incurred in developing information technology systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and services and direct payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over the useful life, ranging from three to five years.

(m) Recoverable amount and fair value estimation

(i) Financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes. The fair value of financial instruments traded in active markets, such as publicly traded derivatives, and investments in equity securities, excluding investments in associates, is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using recognised valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Option contracts are fair valued using an option pricing model and prevailing market quoted economic variables existing at the balance date. Interest rate swaps are fair valued by determining the theoretical gain or loss had the swap contracts been terminated on market at the balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

The fair value of trade receivables is determined with reference to quoted market prices adjusted for specific settlement terms in sales contracts.

(ii) Non-financial assets and liabilities

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or CGU carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to dispose and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or CGU. Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of impairment at each reporting date.

The asset or CGU value in use is the net amount expected to be recovered through the cash flows arising from its continued use and subsequent disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The asset’s fair value less costs to dispose is the amount obtainable from the sale of an asset or cash-generating unit in an arm’s length transaction between knowledgeable, willing parties, less the estimated costs of disposal. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Any impairment to the carrying amount of an asset or CGU is recognised as an expense in the Income Statement in the reporting period in which the recoverable amount write down occurs. Where this assessment of impairment indicates a loss in value of the assets or CGU of an operation, an appropriate write down is made. No assets or CGU are carried in excess of their recoverable amount. The recoverable amount of the Consolidated Entity’s operations is subject to variation because of changes in global metal prices and exchange rates.

(n) Employee benefits

(i) Wages and salaries and short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in the provision for employee benefits in respect of employees’ services up to the reporting date and are measured at the amounts expected to be paid, inclusive of on costs, when the liabilities are settled. The expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

(ii) Other long term employee benefits

Long term employee benefits include annual leave liabilities which are expected to be settled in the period greater than twelve months from balance date and long service leave liabilities. Other long term benefits are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Defined contribution plans

Contributions are made by the Consolidated Entity to individual defined contribution superannuation plans of each director and employee and amounts are charged as an expense in the Income Statement when incurred.

(iv) Employee bonuses

A provision is recognised for the amount expected to be paid under short-term bonus entitlements if the Consolidated Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the director or employee and the obligation can be estimated reliably.

(v) Share-based payment transactions

The fair values of share-based payment transactions are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised as an expense over the period during which the employees become unconditionally entitled to the share-based payment transactions.

The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the share-based payment transactions, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share-based payment transactions.

The fair values of the share-based payment transactions granted are adjusted to reflect market vesting conditions, but exclude the impact of any service or non-market vesting conditions (for example, profitability or production targets). Non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of share-based payment transactions that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Income Statement with a corresponding adjustment to equity.

The fair values of the share-based payment transactions do not necessarily relate to the actual values that may be received in future by the recipients. Information relating to these schemes is set out in Note 33 to the Consolidated Financial Statements.

(o) Mine rehabilitation, restoration and dismantling obligations

Provisions are made for the estimated cost of rehabilitation, decommissioning and restoration relating to areas disturbed during mining and exploration operations up to the reporting date but not yet rehabilitated. Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated costs include the current cost of rehabilitation necessary to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation, and many other factors, including future developments, changes in technology, price increases and changes in interest rates. The amount of the provision relating to mine rehabilitation, restoration and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time.

The provision is recognised as a liability, separated into current (estimated costs arising within twelve months) and non-current components based on the expected timing of these cash flows. A corresponding asset is included in mine property and development assets, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity. The capitalised cost of this asset is recognised in property, plant and equipment and is amortised over the life of the mine.

At each reporting date the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amounts of the costs to be incurred. Rehabilitation, restoration and dismantling provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved. Changes in the liability relating to mine rehabilitation, restoration and dismantling obligations are added to or deducted from the related asset (where it is probable that future economic benefits will flow to the entity), other than the unwinding of the discount which is recognised as financing expenses in the Income Statement. Changes to capitalised cost result in an adjustment to future depreciation charges.

The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

(p) Provisions

Provisions for legal claims and other liabilities are recognised when:

- the Consolidated Entity has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised in the Income Statement as financing expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Consolidated Entity from a contract is lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(q) Sales revenue

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of risks and rewards to the customer, no further processing is required by the Consolidated Entity, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. This is generally when the concentrates are loaded on to the vessel at the port of shipment.

Contract terms for many of the Consolidated Entity's sales allow for a price adjustment based on a final assay of the concentrates by the customer to determine the metal content. Recognition of the sales revenue for these commodities is based on the most recently determined estimate of product specifications with a subsequent adjustment made to revenue upon final determination.

The terms of concentrate sales contracts with third parties contain provisional pricing arrangements. The selling price for metal in concentrate is based on prevailing spot prices at the time of shipment to the customer and adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable.

Revenue is reported net of discounts and pricing adjustments. Royalties paid and payable are separately reported as expenses.

These provisionally priced sales contracts contain an embedded derivative that is required to be separated from the host contract for accounting purposes. Accordingly, the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value, with subsequent changes in fair value recognised in the Income Statement in each period until final settlement, as an adjustment to revenue. Changes in fair value over the quotational period and up until final settlement are estimated by reference to forward market prices.

(r) Financing income and expenses

Financing income includes:

- interest income on cash and cash equivalents; and
- dividend income from investments in equity securities.

Interest income is recognised as it accrues using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

Financing expenses include:

- interest on short-term and long term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- the impact of the unwind of discount on long term provisions for mine rehabilitation, restoration and dismantling.

Financing expenses are calculated using the effective interest rate method. Finance expenses incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other financing expenses are expensed as incurred.

The capitalisation rate used to determine the amount of financing expenses to be capitalised is the weighted average interest rate applicable to the Consolidated Entity's outstanding borrowings.

(s) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term and highly liquid cash deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are repayable on demand and are shown within borrowings in current liabilities on the Balance Sheet. For the purposes of the Statement of Cash Flows, cash includes cash on hand, demand deposits, cash equivalents, net of any outstanding bank overdrafts which are recognised at their principal amounts.

(t) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

(u) Trade and other receivables

Trade receivables are carried at fair value. Provisional payments in relation to trade receivables are usually due for settlement within 30 days from the date of recognition, with any mark to market adjustment due for settlement usually within 60 days. Concentrate sales receivables are recognised in accordance with Note 1(q). Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written down to the amounts expected to be received. Any adjustment due to collectability is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered when estimating fair value adjustments arising from assessment of a debtor's collectability. Any adjustments to the fair value of trade receivables are recognised through profit or loss.

(v) Interest-bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(w) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the theoretical cash flows arising if the contract was to be sold on market as an arm's length transaction.

(x) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business are included in the cost of the acquisition as part of the purchase consideration.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity, net of any tax effects. Repurchased shares bought as part of a share buyback plan are cancelled. Repurchased shares bought and held by Employee Share Plan Trust to meet the Consolidated Entity's obligation to provide shares to employees in accordance with the terms of their employment contracts and employee share plans as and when they may vest, are classified as treasury shares and are presented as a deduction from total equity.

When capital is returned by the Consolidated Entity to shareholders, the amount of the capital returned is recognised as a deduction from issued capital.

When share capital is reduced, it is recognised as a deduction to issued capital against retained earnings.

(y) Dividends payable

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(z) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), unless the GST incurred is not recoverable from taxation authorities. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included with other receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, taxation authorities are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to taxation authorities. The net of GST payable and receivable is remitted to the appropriate tax body in accordance with legislative requirements.

(aa) Operating segments

Operating segments are components of the Consolidated Entity about which separate financial information is available that is evaluated regularly by the Consolidated Entity's key management personnel in deciding how to allocate resources and in assessing performance.

Segment information that is evaluated by key management is prepared in conformity with the accounting policies adopted for preparing the Financial Statements of the Consolidated Entity.

Operating segments have been identified based on information provided to the chief operating decision makers, being the executive management team and the Board of Directors.

The division of the Consolidated Entity's results into segments has been ascertained by reference to direct identification of revenue/cost centres and where interrelated segment costs exist, an allocation has been calculated on a pro rata basis of the identifiable costs.

(ab) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, and is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Consolidated Entity acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operation or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of any previously held equity interest is remeasured to fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss or as a change to Other Comprehensive Income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

The excess of the cost of acquisition over the fair value of the Consolidated Entity's share of the identifiable net assets acquired is recorded as goodwill.

(ac) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(ad) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Consolidated Financial Statements. Amounts in the Consolidated Financial Statements have been rounded off in accordance with that Class Order in millions of dollars to one decimal place except where rounding to the nearest dollar is required.

(ae) Comparatives

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2 Critical accounting estimates and judgements

Estimates and judgements used in developing and applying the Consolidated Entity's accounting policies are continually evaluated and are based on experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the actual results. The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of assets

The recoverable amount of each 'cash-generating unit' or 'investment in associate', is determined as the higher of the asset's fair value less costs to dispose and its value in use in accordance with the accounting policy in Note 1(m). Value in use and fair value less cost to dispose calculations require the use of estimates and assumptions including discount rates, exchange rates, commodity prices, future capital requirements and future operating performance, as well as the value that a market participant would place on any resources which have yet to be proven as reserves associated with the CGU. Inventories are recognised at the lower of cost and net realisable value which is calculated in accordance with the accounting policy in Note 1(h). The computation of net realisable value involves significant judgements and estimates in relation to future ore blend rates, processing costs, commodity prices, foreign exchange rates, timing of processing and sale and other assumptions. A change in any of the critical assumptions listed will alter the value as initially determined and will therefore impact the carrying value of assets in the future. For further detail refer to Note 7 to the Consolidated Financial Statements.

Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of mining areas from which natural resources have been extracted in accordance with the accounting policy in Note 1(o). These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions.

Ore reserves and resources estimates

The estimated quantities of economically recoverable reserves and resources are based upon interpretations of geological and geophysical models and require assumptions to be made regarding factors such as estimates of short and long term exchange rates, estimates of short and long term commodity prices, future capital requirements and future operating performance. Changes in reported reserves and resources estimates can impact the carrying value of property, plant and equipment including deferred mining expenditure, intangible assets, provisions for mine rehabilitation, restoration and dismantling obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the Income Statement. The changes in the carrying value of the assets noted may arise principally through changes in the income that can be economically generated from each project. Changes in depreciation may arise to due to the value of property, plant and equipment being depreciated over ore reserves.

Income tax and deferred tax assets and liabilities

The Consolidated Entity is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the group provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain for which provisions are based on estimated amounts. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which the determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Assumptions about the generation of future taxable profits depend on estimates of future cash flows. These estimates are based on future production and sales volumes, operating costs, restoration costs, capital expenditure and other capital transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, which may impact the amount of deferred tax assets and liabilities recognised and the amount of other tax losses and temporary differences not yet recognised.

Functional currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates. Determination of an entity's functional currency requires management's judgement when considering a number of factors including the currency that mainly influences sales prices, costs of production, and competitive forces and regulations which impact sales prices. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. Determination of the Consolidated Entity's contingent assets and liabilities disclosed in the Consolidated Financial Statements requires the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Business combinations

The Consolidated Entity holds a number of investments. In accordance with accounting policy Note 1(d) a judgement is required in assessing whether power over the investee exists where the Consolidated Entity holds less than a majority of the voting rights. Factors considered include rights arising from other contractual arrangements, any contractual arrangements with other vote holders as well as the Consolidated Entity's voting and potential voting rights. The Consolidated Entity reassesses whether it controls an entity if facts and circumstances indicate that there has been a change in one of the factors which indicate control.

The Consolidated Entity exercised judgement in the application of AASB 10 *Consolidated Financial Statements* in assessing the accounting treatment of the Consolidated Entity's investment in Toro Energy Limited ('Toro') which involves determining whether OZ Minerals is capable of exerting control over Toro despite holding less than fifty percent of voting rights. The application of AASB 10 did not have any impact on the amounts recognised in the Consolidated Financial Statements as it was determined that the Consolidated Entity does not hold de-facto control over Toro.

3 Operating segments

Segments

The Consolidated Entity operates the Prominent Hill Mine, a copper-gold mine located in the Gawler Craton of South Australia, approximately 650 kilometres north-west of Adelaide and 130 kilometres south-east of Coober Pedy. The principal activities of the Consolidated Entity are mining of copper, gold and silver, carrying out exploration activities and development of mining projects. The exploration and development activities are mainly in South Australia and include the Carrapateena project.

The Prominent Hill Mine generates revenue from the sale of concentrate products containing copper, gold and silver to customers in Asia and Europe. Other activities include the Consolidated Entity's Group Office (which includes all corporate expenses that cannot be directly attributed to the operation of the Consolidated Entity's operating segment), investment in Toro (refer Note 13 to the Consolidated Financial Statements), other investments in equity securities (refer Note 14 to the Consolidated Financial Statements) and exploration projects including Carrapateena.

Segment results

Segment information that is evaluated by key management is prepared in conformity with the accounting policies adopted for preparing the Financial Statements of the Consolidated Entity which are reported under *International Financial Reporting Standards* ('IFRS'), and includes Underlying EBITDA, Underlying EBIT, Underlying EBT and Underlying NPAT which are used to measure segment performance. These measures are used internally by management to assess performance of the business, make decisions on allocating resources and assess operational management.

For the year ended 31 December 2013	Prominent Hill Mine 2013 $m	Other activities 2013 $m	Total 2013 $m	**Prominent Hill Mine 2012 $m	**Other activities 2012 $m	**Total 2012 $m
Revenue from sale of concentrates	644.0	–	644.0	985.7	–	985.7
Net gain on sale of assets in Cambodia	–	0.9	0.9	–	18.8	18.8
Other income	0.2	1.6	1.8	1.6	6.3	7.9
Net foreign exchange gains/(losses)	14.7	26.2	40.9	(1.0)	(10.3)	(11.3)
Changes in inventories of ore and concentrate	25.0	–	25.0	(42.9)	–	(42.9)
Consumables and other direct costs	(343.5)	–	(343.5)	(293.2)	–	(293.2)
Employee benefit expenses	(59.3)	(19.2)	(78.5)	(59.1)	(20.1)	(79.2)
Exploration and evaluation expenses	(3.5)	(71.0)	(74.5)	(43.4)	(70.7)	(114.1)
Freight expenses	(40.3)	–	(40.3)	(47.4)	–	(47.4)
Royalties expense	(9.5)	–	(9.5)	(14.8)	–	(14.8)
Share of net loss of investment in Toro	–	(1.3)	(1.3)	–	(2.1)	(2.1)
Inter-segment (expense)/income	(14.5)	14.5	–	(14.2)	14.2	–
Other expenses	(23.7)	(25.5)	(49.2)	(25.0)	(28.5)	(53.5)
Underlying earnings/(loss) before interest, income tax, depreciation and amortisation ('EBITDA')	189.6	(73.8)	115.8	446.3	(92.4)	353.9
Depreciation and amortisation expenses	(215.3)	(3.2)	(218.5)	(171.8)	(2.9)	(174.7)
Underlying (loss)/earnings before interest and income tax ('EBIT')	(25.7)	(77.0)	(102.7)	274.5	(95.3)	179.2
Net financing (expense)/income	(1.9)	8.9	7.0	(1.3)	21.2	19.9
Underlying (loss)/earnings before income tax ('EBT')	(27.6)	(68.1)	(95.7)	273.2	(74.1)	199.1
Income tax benefit/(expense) on underlying (loss)/earnings before tax			33.2			(47.1)
Underlying net (loss)/profit after tax ('NPAT')			(62.5)			152.0
Write-down of assets net of income tax – refer Note 7			(231.9)			–
Net (loss)/profit for the year attributable to equity holders of OZ Minerals Limited			(294.4)			152.0

** Comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

Information about geographical areas and products	Europe $m	Asia $m	Consolidated $m
31 December 2013			
Sales of copper	187.8	293.8	481.6
Sales of gold	68.2	83.6	151.8
Sales of silver	4.3	6.3	10.6
Total revenue	260.3	383.7	644.0
31 December 2012			
Sales of copper	247.7	496.8	744.5
Sales of gold	62.8	159.8	222.6
Sales of silver	5.2	13.4	18.6
Total revenue	315.7	670.0	985.7

Major customers who individually accounted for more than ten percent of total revenue contributed approximately 92 percent of total revenue (2012: 79 percent).

As at 31 December 2013 and 2012, no significant assets or liabilities were located outside Australia.

	Note	2013 $m	2012 $m

4 Other income

	Note	2013 $m	2012 $m
Insurance claim recoveries		0.7	5.4
Other		1.1	2.5
Total other income		1.8	7.9

In the comparative year an insurance claim of $5.4 million was received for the value of concentrate lost and related costs which were associated with the Edith River incident.

5 Employee benefit expenses

Employee benefit expenses include contributions to defined contribution plans of $5.9 million (2012: $5.3 million).

6 Net financing income

	Note	2013 $m	2012 $m
Financing income			
Interest income from cash and cash equivalents		12.4	23.5
Total financing income		12.4	23.5
Financing expenses			
Bank charges on borrowing facilities		(3.6)	(2.4)
Discount unwind on provisions	19	(1.8)	(1.2)
Total financing expenses		(5.4)	(3.6)
Net financing income		7.0	19.9

7 Write-down of assets

	Pre tax 2013 $m	Tax impact 2013 $m	Post tax 2013 $m	Pre tax 2012 $m	Tax impact 2012 $m	Post tax 2012 $m
Inventories	106.3	(31.9)	74.4	–	–	–
Property, plant and equipment	225.0	(67.5)	157.5	–	–	–
Total write-down of assets	331.3	(99.4)	231.9	–	–	–

The Consolidated Entity recognised asset write-downs of $331.3 million for its Prominent Hill Cash Generating Unit ('CGU') during the year ended 31 December 2013, comprising inventory net realisable value write-down of $106.3million and write down of property, plant and equipment of $225.0 million.

Inventory net realisable value write-down

Inventory is recognised at the lower of cost and net realisable value.

Pursuant to an inventory net realisable value assessment, the Consolidated Entity recognised an inventory write-down of $106.3 million in respect of low grade gold ore stockpiles at 30 June 2013.

Net realisable value was calculated as the estimated future sales price of the concentrate that the Consolidated Entity expects to realise when the gold ore is processed and sold, less incremental estimated costs to convert the gold ore to concentrate.

Write-down of property, plant and equipment

The Consolidated Entity performs an impairment assessment when there is an indication of possible impairment. A detailed impairment assessment was performed which was triggered by the fall in the Consolidated Entity's market capitalisation below its net assets value.

The impairment write-down was necessitated by a combination of factors, including lower expected prices for copper and gold in the near term, offset by lower Australian dollar to US dollar exchange rates. In addition, asset carrying values were higher as a result of the capitalisation of work towards developing the new Malu Underground mine, deferred waste movements in the Malu open pit, and remediation of the south wall overburden slip in the open pit. Pursuant to the detailed assessment, an impairment loss of $225.0 million was recognised in relation to the Prominent Hill CGU. The asset write-down was attributable to the Prominent Hill segment, refer Note 3 to the Consolidated Financial Statements for description of Prominent Hill operations. A breakdown of the allocation of the impairment write-down by asset class is included in Note 17 to the Consolidated Financial Statements.

Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of the Prominent Hill CGU was determined based on its Fair Value less Costs to Dispose ('FVLCTD') as this was higher than its Value In Use ('VIU'). The accounting standards state that an assets recoverable amount is the higher of its FVLCTD and VIU.

The assessment of FVLCTD was performed using an internal valuation, based on discounted cash flows ('DCF') of Board approved budgets and mine plan, using a real post tax discount rate of nine percent. The nine percent discount rate was adopted to reflect market conditions which would be applied by a market participant in considering the value of the CGU.

In addition, because the budget and mine plan approved by the Board did not model utilisation of the full existing mineral resource for the Prominent Hill operations CGU, the FVLCTD assessment included an estimate of the value of this un-modelled resource, by applying an appropriate resource multiple for the contained copper equivalent within these un-modelled resources which are associated with the Kalaya and Malu deep zones.

The costs to dispose in respect of the FVLCTD assessment have been estimated by the Consolidated Entity based on prevailing market conditions.

The FVLCTD assessment does not include any estimate of exploration potential at or near the Prominent Hill CGU.

The DCF calculation included a number of significant assumptions, including assumptions regarding commodity prices, foreign exchange rates and risk adjustments to future cash flows. Commodity prices, exchange rates, reserves and resources, and expectations regarding future operating performance can change significantly over short periods of time, which can have a significant impact on the valuation. The Consolidated Entity considered information available from industry analysts and commentators in relation to short and long term commodity prices and forward exchange rates. Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements were sourced from the Company's planning process documents, including LOM plans, and budgets. The 2014 budget and mine plan were developed in the context of the current market environment and outlook. Operating and capital costs in the DCF are based on the Consolidated Entity's latest Board approved budget and mine plan.

Mineral resources which are not modelled in the Board approved budget (un-modelled resources) have been included in the assessment of FVLCTD by applying an appropriate resource valuation multiple to the contained copper equivalent within these resources. This is because observable market inputs such as the implied value per unit of contained copper of comparable sized projects or companies provides evidence of what market participants have paid for comparable projects. This resource valuation multiple has been estimated from publicly available information on share trading in comparable ASX listed companies and recent transactions involving comparable operations. While the un-modelled resources related to the Prominent Hill CGU are not yet developed, given that the potential for development represents an extension to the existing operations, the Consolidated Entity has primarily considered publicly available information from comparable exploration and development companies and transactions and placed less weight on the information from comparable producing companies. The Consolidated Entity has also obtained appropriate external advice in making this judgement.

The value of unmodelled resources as a percentage of the assessed fair value for the Prominent Hill CGU is 17 percent.

Sensitivity

Any variation in the key assumptions used to determine FVLCTD would result in a change of the assessed FVLCTD. If the variation in assumption had a negative impact on FVLCTD, it could in the absence of other factors indicate a requirement for additional impairment to non-current assets.

8 Income tax

	2013 $m	2012 $m
Income tax benefit/(expense) recognised in the Income Statement		
Movement in current income tax	1.4	14.8
Movement in deferred income tax	131.2	(61.9)
Income tax benefit/(expense)	132.6	(47.1)

Numerical reconciliation of income tax benefit/(expense) to pre-tax (loss)/profit		
(Loss)/profit before income tax	(427.0)	199.1
Income tax benefit/(expense) at the Australian tax rate of 30 percent	128.1	(59.7)
Adjustments to (loss)/profit before income tax		
Non-deductible expenditure	(1.9)	(2.5)
Non-assessable income	2.3	2.0
Revision for prior periods	4.1	7.5
Gain on sale of assets in Cambodia	–	5.6
Income tax benefit/(expense)	132.6	(47.1)

Deferred tax assets and liabilities

	Opening balance $m	Recognised in income statement $m	Closing balance $m
2013			
Tax losses unrestricted	–	109.7	109.7
Tax losses restricted	54.0	(0.6)	53.4
Depreciation and amortisation	(225.0)	13.6	(211.4)
Inventories	5.1	2.1	7.2
Provisions and accruals	9.3	(1.9)	7.4
Other	(5.5)	8.3	2.8
Net deferred tax (liabilities)/assets	(162.1)	131.2	(30.9)
2012			
Tax losses restricted	51.6	2.4	54.0
Depreciation and amortisation	(163.9)	(61.1)	(225.0)
Inventories	–	5.1	5.1
Provisions and accruals	9.4	(0.1)	9.3
Other	2.7	(8.2)	(5.5)
Net deferred tax (liabilities)/assets	(100.2)	(61.9)	(162.1)

The Consolidated Entity recognises deferred tax assets for deductible temporary differences and unused tax losses only when it is probable that taxable amounts will be available in the near future to utilise those temporary differences and losses. The Consolidated Entity has assessed that it is probable that future taxable profits will be available to utilise the recognised deferred tax assets.

Recognised tax losses referred to as ‘restricted’ were transferred into the OZ Minerals Australian tax group on consolidation of the acquired Zinifex group in July 2008 and are subject to a restricted available fraction of current year taxable income which restricts the amount of these losses that can be utilised each year. Under the current tax legislation these restricted tax losses do not have an expiry date.

Restricted fractional tax losses of $191.4 million tax effected (2012: $191.4 million tax effected) continue to be unrecognised in the Balance Sheet at 31 December 2013.

Unrestricted tax losses have arisen in the current year. There are no restrictions on the utilisation of these losses which must be utilised first before any restricted tax losses can be applied to reduce the Consolidated Entity’s tax liability.

Gross capital losses of $1,954 million (2012: $1,935 million) continue to be unrecognised in the Balance Sheet at 31 December 2013.

9 Sale of assets in Cambodia

On 10 May 2012, OZ Minerals completed the sale of its assets in Cambodia through the sale of OZ Minerals (Cambodia) Limited to Renaissance Minerals Limited ('Renaissance') an Australian company listed on the ASX. A net gain of $18.8 million was recognised in the comparative year.

Subsequent to the sale, in November 2012 OZ Minerals received shares in Renaissance to the value of $1.5 million. This amount was deducted from a $5.0 million deferred cash consideration which was receivable twelve months after completion of sale under the Sale and Purchase Agreement. The remaining $3.5 million cash consideration was received in January 2013.

In September 2013, the Consolidated Entity entered into a new agreement with Renaissance to alter the timing of one of the contingent receipts. The original agreement provided for two contingent receipts. The first receipt of $10.0 million was contingent on a 1.25 million ounce gold resource being defined in relation to the assets sold or a decision to mine, whichever was earlier. The second receipt of $12.5 million was contingent on the first gold pour and was payable six months after the first gold pour. Under the new terms the $10.0 million payment will now only be payable upon Renaissance making a decision to mine with the trigger being definition of 1.25 million ounce gold resource being removed. In consideration of this new agreement, OZ Minerals was issued with 15.3 million shares in Renaissance to the value of $0.9 million which was recognised in the Income Statement during the year.

The two possible receipts amounting to $22.5 million are contingent on uncertain future events and in accordance with the Accounting Standards are not able to be recognised in the Consolidated Financial Statements for the year ended 31 December 2013.

	2013 $m	2012 $m
10 Cash and cash equivalents		
Short term highly liquid cash deposits	331.5	595.9
Cash on hand and demand deposits	32.5	63.1
Total cash and cash equivalents	364.0	659.0
11 Trade and other receivables		
Trade receivables	116.6	159.2
Other receivables	11.0	12.5
Total trade and other receivables	127.6	171.7

Trade receivables are carried at fair value using a Level 2 valuation method as stipulated by AASB 13 *Fair Value Measurement* which involves observable market prices for commodities, adjusted for terms as per sales contracts.

12 Inventories

	2013 $m	**2012 $m
Concentrates – at cost	60.5	33.3
Ore stockpile – at cost	67.1	107.6
Stores and consumables – at cost	23.2	21.4
Inventories – current	150.8	162.3
Ore stockpile – non current at net realisable value	22.0	–
Ore stockpile – non-current at cost	–	90.0
Inventories – non current	22.0	90.0
Total inventories	172.8	252.3

** Comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

Non-current inventories represent those ore stockpiles expected to be milled in a period greater than twelve months from 31 December 2013. The Consolidated Entity recognised a total inventory net realisable value write-down of $119.9 million (pre-tax) for the year. The net realisable value write-down consisted of $106.3 million (pre-tax) which was recognised at 30 June 2013 and an additional write-down of $13.6 million from June to December 2013 on non-current ore stockpiles. Refer Note 7 to the Consolidated Financial Statements. There were no write-downs of inventories in the comparative year.

	2013 $m	2012 $m

13 Investments accounted for using the equity method

	2013 $m	2012 $m
Opening carrying amount	27.4	29.5
Share of net loss after tax of Toro	(1.3)	(2.1)
Acquisition of shares	1.0	–
Closing carrying amount	27.1	27.4

The Consolidated Entity accounts for its investment in Toro using the equity method. Toro is a uranium exploration company listed on the ASX. The Consolidated Entity holds 422,759,378 shares in Toro (31 December 2012: 410,259,378 shares), which equates to an interest of 28.1 percent at 31 December 2013 (31 December 2012: 39.4 percent). During the year, the Consolidated Entity acquired 12,500,000 shares for $1.0 million.

Toro has entered into a number of transactions since 31 December 2012, including the issue of 415 million fully paid ordinary shares to Mega Uranium Ltd ('Mega'), which has resulted in a decrease in the Consolidated Entity's interest in Toro from 39.4 percent at the beginning of the year to 28.1 percent at year end. The share price of Toro as at 31 December 2013 was 8 cents per share (31 December 2012: 11 cents per share).

The share of losses after income tax of $1.3 million (2012: $2.1 million) recognised during the year represents the Consolidated Entity's share of the net loss after tax of Toro after adjustments for impairment losses of capitalised exploration expenditure recognised by Toro. The Consolidated Entity performs a separate impairment assessment of its investment in Toro and accordingly does not equity account any impairment losses of capitalised expenditure recognised by Toro.

Summarised financial information of Toro

At the date of this report, Toro has yet to complete its Interim Financial Statements as at 31 December 2013 and therefore summarised financial information on Toro at 31 December 2013 is not included in these Financial Statements. The following information is based on the Toro Financial Statements for the year ended 30 June 2013, which are Toro's latest publicly released Financial Statements which have been subject to independent audit:

	Assets $m	Liabilities $m	Revenue $m	Net loss after tax $m
Toro Energy Limited	102.0	9.4	0.3	(6.9)

14 Investments in equity securities

	2013 $m	2012 $m
Opening carrying amount	288.6	219.4
Additions	1.4	8.2
Net change in fair value recognised in other comprehensive income	(76.3)	61.0
Foreign exchange differences	0.7	–
Closing carrying amount	214.4	288.6

The carrying value of the investments in equity securities of $214.4 million at 31 December 2013 (2012: $288.6 million) was made up of investments in Sandfire Resources NL of $193.3 million (2012: $258.2 million), in Beadell Resources Limited of $10.1 million (2012: $12.5 million), in Renaissance Minerals Limited of $3.0 million (2012: $6.6 million), in EMED Mining Public Limited $4.3 million (2012: $4.2 million), in IMX Resources Limited of $1.7 million (2012: $5.8 million) and other minor investments amounting to $2.0 million (2012: $1.3 million).

These investments are carried at fair value using a Level 1 valuation method as stipulated by AASB 13 *Fair Value Measurement* which is based on share prices quoted on the relevant stock exchanges.

15 Intangible assets

	2013 $m	2012 $m
Exploration assets	252.2	252.2

Exploration assets represent acquisition of the Carrapateena copper-gold project in South Australia valued at cost. The terms of this asset acquisition provide for two further payments by OZ Minerals to vendors upon commercial production being reached. The first payment of US$50.0 million is payable on first commercial production of copper, uranium, gold or silver. The second payment of US$25.0 million is payable on first commercial production of rare earths, iron or any other commodity. The further payments amounting to US$75.0 million do not constitute a liability in accordance with the accounting standards as OZ Minerals can control whether the amounts will ever be paid. Therefore the amounts are not required to be recognised in the Consolidated Financial Statements for the year ended 31 December 2013.

16 Lease receivable

Finance lease receivable	50.2	59.6

In 2012 the contract with Thiess Pty Ltd for the provision of mining services to OZ Minerals' Prominent Hill mining operations was renewed for six years. Ancillary to this contract, OZ Minerals agreed to purchase certain mining equipment and effectively lease this back to Thiess on an interest free basis for Thiess to use in the provision of the mining services. Upon termination of the mining services contract, Thiess will re-purchase this equipment. This is expected to result in overall cost savings compared to the provision of this equipment through the mining services contract.

The consideration paid to acquire the mining equipment will be recovered by OZ Minerals progressively over the mining services contract through a reduced mining services charge by Thiess to OZ Minerals. Upon termination of the mining services contract, any carrying value of lease receivable will be recovered by resale of the equipment to Thiess.

The finance lease receivable of $50.2 million as at 31 December 2013 comprises $59.6 million from the comparative year, less $9.4 million (2012: $4.1 million) amortisation of the finance lease receivable during the year.

17 Property, plant and equipment

2013	Plant and equipment $m	Mine property and development $m	Freehold land and buildings $m	Capital work in progress $m	Total $m
At cost	1,102.4	1,001.6	186.1	60.5	2,350.6
Accumulated depreciation and impairment losses	(605.0)	(357.6)	(83.2)	–	(1,045.8)
Closing carrying amount	497.4	644.0	102.9	60.5	1,304.8
Reconciliation of carrying amounts					
Opening carrying amount	678.1	524.9	115.8	45.0	1,363.8
Additions and transfers including deferred mining	22.1	325.3	28.4	15.5	391.3
Reduction in mine rehabilitation asset	–	(6.8)	–	–	(6.8)
Impairment of assets – refer Note 7	(104.2)	(99.5)	(21.3)	–	(225.0)
Depreciation expense	(98.6)	(99.9)	(20.0)	–	(218.5)
Closing carrying amount	497.4	644.0	102.9	60.5	1,304.8

2012	Plant and equipment $m	**Mine property and development $m	Freehold land and buildings $m	Capital work in progress $m	**Total $m
At cost	1,081.6	683.1	164.6	45.0	1,974.3
Accumulated depreciation	(403.5)	(158.2)	(48.8)	–	(610.5)
Closing carrying amount	678.1	524.9	115.8	45.0	1,363.8
Reconciliation of carrying amounts					
Opening carrying amount	740.6	273.6	89.5	139.7	1,243.4
Additions and transfers including deferred mining	46.4	321.0	43.5	(94.7)	316.2
Ankata pre commissioning ore adjustment	–	(24.9)	–	–	(24.9)
Addition to mine rehabilitation asset	–	3.8	–	–	3.8
Depreciation expense	(108.9)	(48.6)	(17.2)	–	(174.7)
Closing carrying amount	678.1	524.9	115.8	45.0	1,363.8

** Comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

18 Trade and other payables

	Note	2013 $m	2012 $m
Trade payables and accruals		127.8	105.6
Other payables		5.9	2.7
Total trade, other payables and accruals		133.7	108.3

19 Provisions

	Note	2013 $m	2012 $m
Current			
Employee benefits		10.3	8.2
Non–current			
Employee benefits		2.3	4.1
Mine rehabilitation		12.0	17.0
Total non–current provisions		14.3	21.1
Aggregate			
Employee benefits		12.6	12.3
Mine rehabilitation		12.0	17.0
Total provisions		24.6	29.3
Mine rehabilitation			
Opening carrying amount		17.0	12.0
Unwind of discount	6	1.8	1.2
(Reductions)/additions	17	(6.8)	3.8
Closing carrying amount		12.0	17.0

The reduction in the mine rehabilitation provision of $6.8 million in the current year is related to changes in timing of expected future cash outflows. In the comparative year, additions of $3.8 million were recognised on the provision which was due to a revision in the mine rehabilitation cost estimate.

20 Issued capital

Issued and fully paid up ordinary shares

	2013 $m	2012 $m
303,470,022 shares (2012: 303,470,022 shares)	2,058.9	2,058.9

The Company does not have authorised capital or par value in respect of its issued shares. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each holder is entitled to one vote per share.

Capital management strategy

The objective of the Consolidated Entity's capital management strategy is to maintain healthy liquidity in order to support its business and to achieve superior returns for its shareholders. The Consolidated Entity manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Consolidated Entity may adjust the dividend payment to shareholders and undertake other suitable capital management initiatives.

The Consolidated Entity's policy is to maintain a gearing ratio of up to a maximum of 20 percent. The gearing ratio as at 31 December 2013 is nil (2012: nil).

As part of its capital management policy, OZ Minerals completed in the comparative year an on-market buyback program of $200.0 million which commenced in 2011.

Movements in ordinary share capital

There were no movements in ordinary share capital during the year. Movements in ordinary share capital for the comparative year are reconciled below.

Date	Details	Number	$m
2012			
01/01/2012	Opening balance	314,371,850	2,159.0
01/01/2012 to 30/06/2012	Shares bought back and cancelled	(10,901,828)	(100.1)
31/12/2012	Closing balance	303,470,022	2,058.9

In June 2012, the Consolidated Entity completed a share buyback program for $200.0 million which commenced in August 2011. In the comparative year, the Consolidated Entity bought back and cancelled 10,901,828 shares amounting to $100.1 million as part of the share buyback program.

21 Treasury shares

Date	Details	Number	$m
2013			
01/01/2013	Opening balance	404,801	4.4
01/04/2013 to 31/12/2013	Exercise of performance rights	(376,097)	(4.3)
31/12/2013	Closing balance	28,704	0.1
2012			
01/01/2012	Opening balance	363,067	6.4
01/05/2012 to 31/10/2012	Exercise of performance rights	(167,266)	(3.0)
01/10/2012 to 31/10/2012	Acquisition of treasury shares	209,000	1.0
31/12/2012	Closing balance	404,801	4.4

The treasury shares represents the Company's shares purchased and held by the Employee Share Plan Trust to meet the Consolidated Entity's obligation to provide shares to employees in accordance with the terms of their employment contracts and employee share plans as and when they may vest.

22 Foreign currency translation reserve

	2013 $m	2012 $m
Foreign currency translation reserve	2.5	3.4

Exchange differences arising on the translation of entities with a functional currency differing from the Consolidated Entity's presentation currency, are taken to the Foreign Currency Translation Reserve ('FCTR') as described in accounting policy Note 1(g).

23 Reconciliation of (loss)/profit after income tax to net cash flows from operating activities

	2013 $m	**2012 $m
(Loss)/profit for the year	(294.4)	152.0
Write-down of assets	331.3	–
Depreciation and amortisation	218.5	174.7
Lease amortisation	9.4	4.1
Unrealised foreign exchange gains on cash holdings	(5.7)	(0.1)
Share based payments expense	4.6	4.4
Net gain on sale of assets in Cambodia	(0.9)	(18.8)
Share of net loss of investment in Toro	1.3	2.1
Unwind of discount on mine rehabilitation	1.8	1.2
Receipts classified as investing activities	(3.5)	–
Other non-cash items	(2.1)	2.8
Change in assets and liabilities:		
Trade and other receivables	44.1	(84.9)
Prepayments	1.9	1.2
Inventories	(26.8)	44.8
Trade and other payables	25.4	17.8
Provision for employee benefits	0.3	2.9
Net current and deferred tax assets/(liabilities)	(126.1)	40.6
Net cash inflow from operating activities	179.1	344.8

** Comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

24 Dividends

Since the end of the financial year, the Board of Directors has resolved to pay an unfranked dividend of 10 cents per share, to be paid on 13 March 2014. The record date for entitlement to this dividend is 26 February 2014. The financial impact of this dividend amounting to $30.3 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2013 and will be recognised in subsequent Financial Statements.

The details in relation to dividends announced or paid since 1 January 2012 are set out below:

Record date	Date of payment	Cents per share	Total dividends $m
26 February 2014	13 March 2014	10	30.3
11 September 2013	25 September 2013	10	30.3
26 February 2013	12 March 2013	20	60.7
11 September 2012	25 September 2012	10	30.3
24 February 2012	9 March 2012	30	94.3

For Australian income tax purposes, all dividends were unfranked and were declared to be conduit foreign income.

The Company's Dividend Reinvestment Plan was suspended in 2010 and remains suspended.

25 Earnings per share

Basic and diluted (loss)/earnings per share – cents

	2013 cents	2012 cents
Basic and diluted (loss)/earnings per share	(97.1)	49.5

The basic and diluted loss per share of 97.1 cents for the year is calculated as the loss after tax of $294.4 million divided by the weighted average number of ordinary shares on issue during the year of 303,310,042.

The basic and diluted earnings per share of 49.5 cents for the comparative year was calculated as the profit after tax of $152.0 million divided by the weighted average number of ordinary shares on issue during the year of 306,850,519.

The performance rights as set out in Note 33 that existed at 31 December 2013 and 31 December 2012 were not included in the calculation of diluted earnings per share because they were antidilutive.

26 Capital expenditure commitments

In accordance with OZ Minerals' accounting policy, the commitments for capital expenditure represent the minimum expected payments where the contracts are not cancellable. Otherwise the commitment represents the cancellation fee.

OZ Minerals has entered into contracts for supply of mining and related services in relation to the supply of a tunnel boring machine for the Carrapateena project and other ongoing capital projects. While these contracts are cancellable, termination payments are not reliably measurable as they are dependent on various factors such as redundancy costs and cost of goods and materials purchased by contractors attributable to the contract.

The minimum expected payments in relation to contracts for development of capital projects and equipment which were not required to be recognised as liabilities at 31 December 2013 amount to approximately $5.8 million (2012: $13.0 million).

27 Contingencies

Bank guarantees

OZ Minerals Group Treasury Pty Ltd has provided certain bank guarantees to third parties, primarily associated with the terms of mining leases, exploration licences and office leases, in respect of which the relevant entity is obliged to indemnify the bank if the guarantee is called upon. At the end of the financial year, no claims have been made under any of these guarantees. The amount of some of these guarantees may vary from time to time depending upon the requirements of the recipient. These guarantees are backed by deposits which amounted to $34.8 million as at 31 December 2013 (31 December 2012: $30.1 million). Presently, all guarantees are voluntarily cash backed by deposits in order to reduce the bank fees payable, however, should the need arise all funds can be withdrawn as and when required.

Provision is made in the Balance Sheet for the anticipated costs of the mine rehabilitation obligations under the mining leases.

Deeds of indemnity

The Company has granted indemnities under Deeds of Indemnity with each of its current and former Non-Executive Directors and members of the Executive Committee, the Company Secretary, the Group Treasurer and each employee who is a director of a controlled entity of the Consolidated Entity, in conformity with Rule 10.2 of OZ Minerals Limited's Constitution.

Where applicable, each Deed of Indemnity indemnifies the relevant director, officer or employee to the fullest extent permitted by law for liabilities incurred while acting as an officer of OZ Minerals, any of its controlled entities and any outside entity, where such an office is held at the request of the Company. Under these indemnities, the Company meets the legal costs incurred by Company officers in responding to investigations by regulators.

Employees

The Consolidated Entity has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Consolidated Entity.

Auditor

No indemnity has been granted to an auditor of the Consolidated Entity in their capacity as auditors of the Consolidated Entity.

Warranties and indemnities

The Company has given certain warranties and indemnities to the purchasers of assets and businesses that have been sold. Warranties have been given in relation to various matters including the sale of assets, taxes and information. Indemnities have also been given by the Consolidated Entity in relation to matters including compliance with law, environmental claims, failure to transfer or deliver all assets and payment of tax.

Tax related contingencies

The Consolidated Entity is subject to the ATO's routine program of tax reviews and audits. The Consolidated entity may also be subject to routine tax reviews and audits in overseas jurisdictions. The final outcome of any tax review or audit cannot be determined with an acceptable degree of reliability. The Consolidated Entity believes that it is making adequate provision for its taxation liabilities and is taking reasonable steps to address potentially contentious issues with the ATO and tax authorities in overseas jurisdictions. However there may be an impact on the Consolidated Entity if any revenue authority review or audit results in an adjustment that increases the Consolidated Entity's taxation liabilities.

Other

OZ Minerals Limited and its controlled entities are defendants from time to time in other legal proceedings or disputes, arising from the conduct of their businesses. OZ Minerals does not consider that the outcome of any of these proceedings or disputes is likely to have a material effect on the Company's or the Consolidated Entity's financial position.

	2013 $m	2012 $m

28 Parent entity disclosures

As at, and throughout the financial year ended 31 December 2013, the parent entity of the Consolidated Entity was OZ Minerals Limited.

Results of the parent entity

	2013 $m	2012 $m
Dividend income from subsidiaries	71.0	158.4
Write-down of investment in subsidiary	(214.6)	–
Net other expense	(16.4)	(15.9)
Total comprehensive (loss)/income for the year	(160.0)	142.5

Financial position of the parent entity

	2013 $m	2012 $m
Assets		
Current assets	3.9	9.8
Non-current assets	2,319.4	2,571.9
Total assets	2,323.3	2,581.7
Liabilities		
Current liabilities	10.3	21.6
Non-current liabilities	0.7	1.3
Total liabilities	11.0	22.9
Net assets	2,312.3	2,558.8
Equity		
Issued capital	2,058.9	2,058.9
Treasury shares	(0.1)	(4.4)
Retained earnings	413.5	504.3
Accumulated losses	(160.0)	–
Total equity	2,312.3	2,558.8

	2013 $m	2012 $m
Opening balance of retained earnings	504.3	485.0
Dividend paid during the year	(91.0)	(124.6)
Share based payment transactions	0.2	1.4
Total comprehensive income for the year	–	142.5
Closing balance of retained earnings	413.5	504.3

Refer to Note 27 for contingent liabilities and Note 29 for Deed of Cross Guarantee disclosures. The parent entity's capital expenditure commitment as at 31 December 2013 was nil (2012: nil).

Franking account details

	2013 $m	2012 $m
Franking account balance at beginning of year	6.5	–
Franking (debits)/credits from income tax refunds/payments made during the year	(6.5)	6.5
Franking account balance at end of year	–	6.5

Subsidiaries

The wholly owned controlled entities of OZ Minerals Limited are listed below:

Entity	Country of incorporation
Minotaur Resources Holdings Pty Ltd	Australia
OZ Exploration Pty Ltd	Australia
OZ Minerals Agincourt Holdings Pty Ltd	Australia
OZ Minerals Agincourt Pty Ltd	Australia
OZ Minerals Equity Pty Ltd	Australia
OZ Minerals Europe Ltd	Channel Islands
OZ Minerals Group Treasury Pty Ltd	Australia
OZ Minerals Holdings Limited	Australia
OZ Minerals Insurance Pte Ltd	Singapore
OZ Minerals International (Holdings) Pty Ltd	Australia
OZ Minerals Investments Pty Ltd	Australia
OZ Minerals Prominent Hill Operations Pty Ltd	Australia
OZ Minerals Prominent Hill Pty Ltd	Australia
OZ Minerals Superannuation Pty Ltd	Australia
OZ Minerals Zinifex Holdings Pty Ltd	Australia
OZ Minerals Carrapateena Pty Ltd	Australia
OZ Exploration Chile Limitada	Chile
OZM Carrapateena Pty Ltd	Australia
OZ Exploration (USA) LLC	USA
ZRUS Holdings Pty Ltd	Australia

Deregistration of controlled entities:

The following entities were deregistered during the year ended 31 December 2013 and as a result are no longer controlled by the Consolidated Entity:

Name of entity	Date deregistered
OZ Minerals Mexico SA de CV	5 June 2013
OZ Minerals Finance (Holdings) Pty Ltd	30 June 2013
OZ Minerals Finance Pty Ltd	30 June 2013
OZ Minerals Golden Grove (Holdings) Pty Ltd	30 June 2013
OZ Minerals Reliance Exploration Pty Ltd	30 June 2013

29 Deed of cross guarantee

The Company and all its Australian domiciled subsidiaries listed in Note 28 to the Consolidated Financial Statements are party to a Deed of Cross Guarantee ('Deed').

In January 2012, OZ Minerals Equity ceased to be a party to the Deed. In August 2012, the following entities entered into Revocation Deeds which became effective in February 2013:

- OZ Minerals Finance Pty Ltd
- OZ Minerals Finance (Holdings) Pty Ltd
- OZ Minerals Golden Grove (Holdings) Pty Ltd and
- OZ Minerals Reliance Exploration Pty Ltd

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

Set out below is the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Balance Sheet of the entities within the Deed.

Consolidated Income Statement of the entities within the Deed of Cross Guarantee	2013 $m	**2012 $m
Revenue from sale of concentrates	644.0	985.7
Net gain on sale of assets in Cambodia	0.9	18.8
Other income	1.2	7.2
Net foreign exchange gains/(losses)	40.3	(11.2)
Changes in inventories of ore and concentrate	25.0	(42.9)
Consumables and other direct costs	(343.5)	(293.2)
Employee benefit expenses	(78.5)	(79.2)
Exploration and evaluation expenses	(72.6)	(110.5)
Freight expenses	(40.3)	(47.4)
Royalties expense	(9.5)	(14.8)
Share of net loss of investment in Toro	(1.3)	(2.1)
Depreciation and amortisation expenses	(218.5)	(174.7)
Write-down of assets	(331.3)	–
Provision for receivable/investment in subsidiaries which are not within the Deed	(2.5)	(3.5)
Other expenses	(49.1)	(53.1)
(Loss)/profit before net financing income and income tax	(435.7)	179.1
Financing income	12.4	23.5
Financing expenses	(5.4)	(3.6)
Net financing income	7.0	19.9
(Loss)/profit before income tax	(428.7)	199.0
Income tax benefit/(expense)	132.6	(47.1)
(Loss)/profit for the year	(296.1)	151.9

** Certain comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income of the entities within the Deed of Cross Guarantee	2013 $m	2012 $m
(Loss)/profit for the year	(296.1)	151.9
Other comprehensive (loss)/income		
Net change in fair value of investments in equity securities, net of tax	(75.6)	60.4
Total comprehensive (loss)/income for the year	(371.7)	212.3

Consolidated Balance Sheet of the entities within the Deed of Cross Guarantee	2013 $m	**2012 $m
Current assets		
Cash and cash equivalents	358.9	654.8
Trade and other receivables	126.2	170.2
Inventories	150.8	162.3
Current tax asset	–	5.1
Prepayments	4.0	5.9
Total current assets	639.9	998.3
Non-current assets		
Inventories	22.0	90.0
Investments accounted for using the equity method	27.1	27.4
Investments in equity securities	210.2	284.4
Intangible assets	252.2	252.2
Lease receivable	50.2	59.6
Property, plant and equipment	1,304.8	1,363.8
Investment in subsidiaries which are not party to the Deed	7.3	6.0
Total non-current assets	1,873.8	2,083.4
Total assets	2,513.7	3,081.7
Current liabilities		
Trade and other payables	131.9	105.9
Provisions	10.3	8.2
Total current liabilities	142.2	114.1
Non-current liabilities		
Deferred tax liabilities	30.9	162.1
Provisions	14.3	21.1
Total non-current liabilities	45.2	183.2
Total liabilities	187.4	297.3
Net assets	2,326.3	2,784.4
Equity		
Issued capital	2,058.9	2,058.9
Retained earnings	267.5	729.9
Treasury shares	(0.1)	(4.4)
Total equity	2,326.3	2,784.4

** Certain comparative information has been restated in accordance with accounting requirements on application of AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, which impacts the treatment of waste stripping costs. For details refer Note 35 to the Consolidated Financial Statements.

30 Remuneration of auditors

	2013 $	2012 $
Audit services provided by KPMG		
Audit and review of Financial Reports and other audit work under the *Corporations Act 2001*, including audit of subsidiary Financial Statements		
KPMG Australia	484,000	438,000
Overseas KPMG firms	27,509	27,395
Total fees for audit services provided by KPMG	511,509	465,395
Other services provided by KPMG Australia		
Taxation compliance and other taxation advisory services	181,998	178,000
IT advisory services	–	30,000
Other assurance services	23,000	–
Total fees for other services provided by KPMG Australia	204,998	208,000
Total fees	716,507	673,395

The taxation compliance and other taxation advisory service fee represent fees for review of research and development tax claims.

31 Financial risk management

The Consolidated Entity's activities expose it to a variety of financial risks such as:

- Market risk consisting of commodity price risk, foreign currency exchange risk, interest rate risk and equity securities price risk (refer Note 31 (a) below);
- Credit risk (refer Note 31 (b) below); and
- Liquidity risk (refer Note 31 (c) below).

This Note presents information about the Consolidated Entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk and quantitative disclosures.

Financial risk management is carried out by OZ Minerals' Group Treasury Function ('Group Treasury'). Group Treasury identifies, evaluates and manages financial risks in close co-operation with OZ Minerals' operating units. The Board approves principles for overall risk management, as well as policies covering specific risk areas, such as those identified above.

The Consolidated Entity holds the following financial instruments at the reporting date:

	Note	2013 $m	2012 $m
Financial assets			
Cash and cash equivalents	10	364.0	659.0
Trade and other receivables	11	127.6	171.7
Lease receivables	16	50.2	59.6
Investments in equity securities	14	214.4	288.6
Total financial assets		756.2	1,178.9
Financial liabilities			
Trade and other payables	18	133.7	108.3
Total financial liabilities		133.7	108.3

(a) Market risk management

The Consolidated Entity's activities expose it primarily to financial risks of changes in commodity prices, foreign currency exchange rates, interest rates and equity securities prices.

(i) Commodity price risk management and sensitivity analysis

The Consolidated Entity is exposed to commodity price volatility on concentrate sales made by its Prominent Hill Mine. This arises from sale of metal in concentrate products such as copper and gold, which are priced on, or benchmarked to, open market exchanges. OZ Minerals aims to realise average copper prices which are materially consistent with the prevailing average market prices for the same period. The Consolidated Entity attempts to manage any uneven exposure to price in any particular month by managing shipments or undertaking LME futures transactions.

The trade receivables are carried at fair value using a Level two valuation method as stipulated by AASB 13 *Fair value measurement* which involves observable market prices for commodities, adjusted for terms as per sales contracts.

The historical average five-year annual commodity price volatility as per the London Metals Exchange ('LME') for copper was 44 percent and as per the London Bullion Market Association ('LBMA') for gold and silver was 20 percent and 37 percent respectively.

At reporting date, if commodity prices increased/(decreased) by the historical average five-year annual commodity price movement as per the LME and LBMA, and all other variables were held constant, the Consolidated Entity's after tax (loss)/profit would have increased/(decreased) by $19.0 million (2012: $49.8 million). The application of a five year change in commodity price reflects the variability management applies in forecast sensitivity analysis.

In accordance with Australian Accounting Standards, the sensitivity analysis includes the impact of the movement in commodity prices only on outstanding trade receivables that are subject to commodity price risk at the end of the year, which were $71.2 million (2012: $159.2 million) and does not include the impact of the movement in commodity prices on the total sales for the year.

(ii) Foreign currency exchange risk management and sensitivity analysis

The Consolidated Entity is exposed to foreign currency exchange risk. This arises from the sale of metal in concentrate products denominated in US dollars and any assets and liabilities that are held in currencies other than the Australian dollar.

The Consolidated Entity has a policy of holding cash balances in a range of 60:40 percent to 40:60 percent of US dollars to Australian dollars.

The carrying amount of the Consolidated Entity's financial assets and financial liabilities by its currency risk exposure at the reporting date is disclosed below. The foreign currency exchange risk exposure at balance date mainly arises from US dollar denominated balances and minor exposures to other foreign currencies.

	Denominated in US$ presented in A$m	Other currencies presented in A$m	Total A$m
2013			
Cash and cash equivalents	181.7	–	181.7
Trade and other receivables	116.6	–	116.6
Trade and other payables	(47.0)	–	(47.0)
Investments in equity securities	–	4.3	4.3
Total	251.3	4.3	255.6
2012			
Cash and cash equivalents	355.9	–	355.9
Trade and other receivables	159.2	–	159.2
Trade and other payables	(2.2)	–	(2.2)
Investments in equity securities	–	4.2	4.2
Total	512.9	4.2	517.1

The US dollar exchange rates during the year were as follows:

	Average rate		31 December spot rate	
	2013	2012	2013	2012
A$:US$	0.9674	1.0358	0.8904	1.0373

At reporting date, if the foreign currency exchange rates strengthened/(weakened) against the functional currency by 5 percent (2012: 5 percent), and all other variables were held constant, the Consolidated Entity's after tax (loss)/profit from continuing operations would have increased/(decreased) by $13.2 million (2012: $27.0 million).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the reporting date and adjusts their translation for a 5 percent change in the foreign currency rate (2012: 5 percent). This percentage change reflects the variability management applies in forecast sensitivity analysis.

(iii) Interest rate risk management and sensitivity analysis

Deposits and borrowings at variable interest rates expose the Consolidated Entity to cash flow interest rate risk.

The Consolidated Entity carries term deposits with fixed interest rates which mature in less than six months. These term deposits are recognised at amortised cost and therefore not subject to interest rate risk. The effect of a change in interest rates at balance date would not have a significant impact on the Consolidated Entity's after tax profit as substantially all cash deposits have fixed interest rate terms.

The Consolidated Entity does not have any borrowings at 31 December 2013 and therefore is not exposed to interest rate risk on borrowings.

The effective interest rate for each financial asset/liability is provided below:

	Notes	Effective average interest rate %	Total $m
2013			
Cash on hand and demand deposits	10	0.69	32.5
Short-term highly liquid cash deposits	10	2.05	331.5
Total			364.0
2012			
Cash on hand and demand deposits	10	1.99	63.1
Short-term highly liquid cash deposits	10	2.34	595.9
Total			659.0

(iv) Equity securities price risk management and sensitivity analysis

The Consolidated Entity is exposed to equity securities price risk which arises from investments held and classified on the Balance Sheet as investments in equity securities, as set out in the table below:

	Notes	2013 $m	2012 $m
Financial assets			
Investments in equity securities	14	214.4	288.6
Total		214.4	288.6

The Consolidated Entity's investments in equity securities relate to investments in publicly listed entities. The Consolidated Entity does not actively trade these investments. These investments are carried at fair value using a Level 1 valuation method as stipulated by AASB 13 *Fair value measurement* which is based on quoted share prices.

The carrying value of the investments in equity securities equates to their fair value at 31 December 2013 and 2012.

At reporting date, if the share prices of the entities in which the Consolidated Entity has equity investments which are carried at fair value increased/(decreased) by one percent, and all other variables were held constant, the Consolidated Entity's equity would have increased/(decreased) by $2.1 million (2012: $2.9 million).

(b) Credit risk management

Credit risk refers to the risk that any counterparty will default on its contractual obligations under a financial instrument resulting in financial loss to the Consolidated Entity. The Consolidated Entity is exposed to counterparty credit risk through sales of metal in concentrate on normal terms of trade, through deposits of cash, finance lease and settlement risk on foreign exchange transactions.

At the reporting date, the carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure which was as follows:

	Notes	2013 $m	2012 $m
Cash and cash equivalents	10	364.0	659.0
Trade and other receivables	11	127.6	171.7
Lease receivables	16	50.2	59.6
Total		541.8	890.3

The credit risk on cash and cash equivalents is managed by restricting dealing to banks which are assigned high credit ratings by international credit rating agencies and limiting the amount of funds that can be invested with a single counterparty in accordance with OZ Minerals' Credit Risk Management Policy.

Credit risk in trade receivables is managed by the Consolidated Entity by undertaking a regular risk assessment process and revising credit limits of customers. As there are a relatively small number of transactions, they are closely monitored to ensure risk of default is kept to an acceptably low level.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region of the customer was:

	2013 $m	2012 $m
Europe	5.3	99.4
Asia	111.3	59.8
Total	116.6	159.2

The total revenue for the year ended 31 December 2013 was $644.0 million (2012: $985.7 million). Major customers who individually accounted for more than 10 percent of total revenue contributed approximately 92 percent of total revenue (2012: 79 percent). These customers also represent 98 percent of the trade receivables balance as at 31 December 2013 (2012: 100 percent).

Credit risk arising from sales to customers is managed by contracts that stipulate a provisional payment of at least 90 percent of the estimated value of each sale. This is payable either promptly after vessel loading or upon vessel arriving at the discharge port. The balance outstanding is received usually within 60 days of the vessel arriving at the port of discharge. Additionally, several sales are covered by letter of credit arrangements with approved financial institutions.

The Consolidated Entity does not have any significant receivables which are past due at the reporting date.

(c) Liquidity risk management

Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in meeting obligations associated with financial liabilities. OZ Minerals manages liquidity risk by conducting regular reviews of the timing of cash outflows and the maturity profiles of term deposits in order to ensure sufficient funds are available to meet its obligations.

(i) Financial liabilities

The following are the contractual maturities of the Consolidated Entity's financial liabilities as at 31 December 2013. The contractual cash flows reflect the undiscounted amounts and include both interest and principal cash flows.

	Notes	Carrying amount $m	Contractual amount $m
2013			
Trade and other payables	18	133.7	133.7
2012			
Trade and other payables	18	108.3	108.3

The contractual carrying amounts of all financial liabilities are due and payable within six months of the reporting date.

(ii) Financing arrangements

The Consolidated Entity had access to the following borrowing facilities which were undrawn at the end of the year.

	Expires on	Security	2013 US$m	2012 US$m
Revolving facility	November 2016	Unsecured	200.0	–
Revolving facility	September 2014	Unsecured	–	180.0
Working capital facility	September 2014	Unsecured	–	20.0

In November 2013, the revolving facility and working capital facility expiring in September 2014 were replaced with one new revolving facility, which expires in November 2016.

(d) Fair values

The carrying amount of all financial assets and liabilities recognised on the Balance Sheet approximates their fair value.

32 Key management personnel

(a) Key management personnel remuneration

The key management personnel ('KMP') of the Consolidated Entity for 2013 were Terry Burgess, Andrew Coles, Francesca Lee and all Directors of the Company, except for Barry Lavin who was a KMP until he resigned on 8 March 2013.

The KMP remuneration for the Consolidated Entity was as follows:

	2013 $	2012 $
Short-term employee benefits	3,654,840	4,689,082
Other long term benefits	44,902	52,021
Post-employment benefits	150,106	159,586
Share-based payments	1,015,057	1,020,156
Total	4,864,905	5,920,845

Information regarding individual directors' and executives' compensation and some equity instrument disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report. Apart from the details disclosed in Note 34 to the Consolidated Financial Statements, no director has entered into a material contract with the Consolidated Entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(b) Equity instrument disclosures relating to key management personnel

Shareholdings

The movement in the number of shares held by each KMP during the year is set out below:

	Balance at 1 January or date of becoming KMP	Changes during the year	Balance at 31 December or date ceasing to be KMP
2013			
Neil Hamilton	22,500	17,000	39,500
Paul Dowd	7,500	3,300	10,800
Brian Jamieson	108,527	–	108,527
Barry Lavin	2,300	–	2,300
Charles Lenegan	13,500	7,250	20,750
Rebecca McGrath	5,750	–	5,750
Dean Pritchard	12,720	10,000	22,720
Terry Burgess	94,253	56,455	150,708
Andrew Coles	20,750	1,000	21,750
Francesca Lee	31,659	–	31,659
Total	319,459	95,005	414,464
2012			
Neil Hamilton	22,500	–	22,500
Paul Dowd	7,500	–	7,500
Brian Jamieson	108,527	–	108,527
Barry Lavin	–	2,300	2,300
Charles Lenegan	13,500	–	13,500
Rebecca McGrath	2,100	3,650	5,750
Dean Pritchard	12,720	–	12,720
Terry Burgess	54,338	39,915	94,253
Andrew Coles	20,750	–	20,750
Francesca Lee	31,659	–	31,659
Total	273,594	45,865	319,459

Performance rights holdings

The movement in the number of performance rights for KMP during the year is set out below:

	Balance at 1 January or date of becoming KMP	Granted	Vested and exercised	Lapsed	Balance at 31 December
2013					
Terry Burgess	249,860	151,412	–	(45,811)	355,461
Andrew Coles	129,678	78,395	–	(24,111)	183,962
Francesca Lee	127,766	76,995	–	(24,111)	180,650
Total	507,304	306,802	–	(94,033)	720,073
2012					
Terry Burgess	185,073	123,693	–	(58,906)	249,860
Andrew Coles	96,638	64,043	–	(31,003)	129,678
Francesca Lee	95,869	62,900	–	(31,003)	127,766
Total	377,580	250,636	–	(120,912)	507,304

The number of vested performance rights at 31 December 2013 that were unexercisable was nil (2012: nil).

The number of performance rights that have lapsed in the current year in the table above have been restated for the one for ten share consolidation that was completed in June 2011.

33 Share-based payments

Description of OZ Minerals' Performance Rights Plans ('PRP') and Long Term Incentive Plans ('LTIP') are provided below:

Element	Equity rights granted under PRP	Equity rights granted under LTIP
Type of equity rights granted	Performance rights	Performance rights
Calculation of value of equity rights granted	**2013:** 2.5 percent, 5 percent or 7.5 percent of employees' personal total fixed remuneration, according to job grade **2010 – 2012:** 5 percent, 10 percent or 15 percent of employees' personal total fixed remuneration, according to job grade	80 percent or 60 percent of executives' personal total fixed remuneration, according to job grade. However, for the reasons noted in the Remuneration Report, half the number of instruments were issued for the December 2013 grant.
Grant date	**2013:** 1 May 2013 **2012**: 1 May 2012 **2011**: 2 May 2011 **2010**: 7 May 2010	**2013:** 20 December 2013 **2012**: 21 December 2012 **2011**: 22 December 2011 **2010**: 10 December 2010 **2009**: 22 December 2009
Performance and vesting period	**2013:** 1 May 2013 to 1 May 2014 **2012**: 1 May 2012 to 30 April 2013 **2011**: 2 May 2011 to 1 May 2012 **2010**: 7 May 2010 to 1 May 2011	**2013:** 20 December 2013 to 19 December 2016 **2012**: 21 December 2012 to 20 December 2015 **2011**: 22 December 2011 to 21 December 2014 **2010**: 10 December 2010 to 9 December 2013 **2009**: 23 November 2009 to 22 November 2012
Expiry date	**2013:** 1 July 2014 **2012**: 1 July 2013 and 1 July 2014 **2011**: 1 July 2012 and 1 July 2013 **2010**: 1 May 2011, 1 July 2011 and 1 January 2012	**2013:** 28 February 2017 **2012**: 28 February 2016 **2011**: 28 February 2015 **2010**: 28 February 2014 **2009**: 28 February 2013
Number of shares for each equity right	**2013:** 1 share **2012:** 1 share **2011:** 1.0904 shares **2010:** 1.0904 shares	**2013:** 1 share **2012:** 1 share **2011:** 1 share **2010:** 1.0904 shares **2009:** 1.0904 shares

Element	Equity rights granted under PRP	Equity rights granted under LTIP	
Vesting conditions	Percentage vesting based on individual performance against Key Performance Indicators	**TSR performance measured against Comparator Group**	**Percentage of vesting**
		75th percentile or greater	100
		Between the 50th and 75th percentile	Between 50 percent and 100 percent vest progressively by using a straight-line interpolation
		50th percentile	50
		Less than 50th percentile	Nil
Exercise price	Not applicable – provided at no cost	Not applicable – provided at no cost	

Performance rights granted under the PRPs or LTIs are not entitled to dividend or voting rights. All performance rights under current performance rights plans are automatically exercised upon vesting which is dependent upon the meeting of both the service condition and the performance condition. The shares when issued on vesting of performance rights rank pari passu in all respects with previously issued fully paid ordinary shares.

The fair value of services received in return for share-based payments granted during the year is based on the fair value of the performance rights granted, measured using a Black-Scholes model, with the following inputs:

Grant date	Fair value at grant date $	Share price at grant date $	Expected volatility percent	Expected dividends percent	Risk-free interest rate percent
20 December 2013	2.0	3.1	45.0	3.5	2.9
1 May 2013	3.9	4.1	40.0	4.4	2.8
21 December 2012	4.1	6.8	37.0	5.7	2.7
1 May 2012	8.9	9.5	38.1	5.3	3.5
22 December 2011	6.6	10.4	39.4	4.8	3.1
2 May 2011	13.9	14.4	36.2	2.8	5.0
10 December 2010	11.1	16.3	39.5	2.8	5.1
7 May 2010	10.1	10.4	49.6	2.8	5.0
22 December 2009	8.1	11.3	64.0	2.8	4.7

The fair values in the table above have been restated for the one for ten share consolidation where applicable which was completed in June 2011.

The movement in the number of equity instruments granted to employees, including KMPs is provided below.

Performance rights

The movement in the number of performance rights during the year is set out below:

	2013 Number	2012 Number
Opening balance	1,605,053	981,038
Rights granted	1,084,634	1,045,329
Rights vested and exercised	(377,275)	(154,889)
Rights forfeited	(325,090)	(266,425)
Closing balance	1,987,322	1,605,053

The number of performance rights in the table above has been restated for the one for ten share consolidation. Additionally, each performance right granted before the capital return in June 2011 is convertible into 1.0904 ordinary shares upon vesting.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expenses was $4.6 million (2012: $4.4 million).

34 Related parties

(a) Parent entity

The ultimate parent entity within the Consolidated Entity is OZ Minerals Limited.

(b) Subsidiaries

The parent entity's interest in subsidiaries is set out in Note 28 to the Consolidated Financial Statements.

(c) Associates

Information in relation to investments in associates (Toro) is set out in Note 13 to the Consolidated Financial Statements.

(d) Transactions with related parties

A number of KMPs, or their related parties, hold positions in other entities that may result in them having control or significant influence over the financial or operating policies of those entities. Where the consolidated entity transacts with the KMPs and their related parties, the terms and conditions of these transactions are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

35 Application of AASB Interpretation 20

AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* and AASB 2011-12 *Amendments to Australian Accounting Standards arising from AASB Interpretation 20* applies to annual reporting periods beginning on or after 1 January 2013. The Consolidated Entity applied these interpretations which are mandatory from 1 January 2013, with retrospective adjustments from 1 January 2012 as required by the transitional provisions of AASB Interpretation 20.

Previously, the Consolidated Entity deferred production stripping costs where this was considered to be the most appropriate basis for matching cost against the related economic benefits. The amount of stripping costs deferred was based on the life of mine average strip ratio calculated by dividing total tonnage of waste expected to be mined over ore extracted for the life of mine. Production stripping costs incurred in the period were deferred to the extent that the current period actual strip ratio exceeded the life of the mine average strip ratio. Such deferred costs were then charged to the Income Statement through the caption 'consumables and other direct costs' when the actual strip ratio in any period fell below the life of mine average strip ratio.

In accordance with AASB Interpretation 20, the Consolidated Entity now capitalises production stripping costs to the extent they provide access to ore expected to be mined in the future. The deferred mining balance is subsequently amortised on a unit of production basis over the expected useful life of the component of the ore body that becomes directly accessible as a result of the production stripping. If the mining costs are not separable between ore and waste mining, costs are allocated on the basis of the relative volume of waste mined in a period which exceeds the remaining waste to ore stripping ratio at the beginning of the period applicable to the particular component.

A component is a specific part of the ore body that is made more accessible as a result of the stripping activity. The Consolidated Entity determines the component(s) of an ore body based on mine plans and regularly reviews those plans for any changes. Any changes are applied prospectively.

Significant judgement is required to distinguish between the production stripping which relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Significant judgement is also exercised in identifying the component(s) of the ore body in the Prominent Hill open pit which impacts the manner in which deferred stripping costs are capitalised and depreciated. Consistent with the judgements made at 31 December 2012, expected volumes of ore and waste to be moved in the open pit continue to be a significant source of judgement.

On transition the Consolidated Entity undertook an assessment of the stripping asset in existence at 1 January 2012 and determined that the asset could be attributed to future production of ore from the identified components. As a result no adjustment was made to the stripping asset on transition.

The initial application of AASB Interpretation 20 results in a change in the classification of certain expenses in the Income Statement as stripping costs were previously recorded as a net adjustment within 'consumables and other direct costs'. The application of AASB Interpretation 20 results in a reduction in the amount recognised as 'consumables and other direct costs' with a corresponding increase in the amount capitalised to 'mine, property and development'. The reduction in costs charged to 'consumables and other direct costs' is offset by an increase in 'depreciation and amortisation expenses' as the stripping activity asset is amortised on a unit of production basis over the remaining useful life of the component. Due to the timing of depreciation of additions to the stripping activity asset the costs of inventory are lower with a corresponding increase in the net value of 'property, plant and equipment'. Although there is no material impact on the written-down value of the deferred stripping activity asset, the application also results in a larger gross amount of costs capitalised. In accordance with accounting standards as this increase relates to the initial recognition of an item of 'property, plant and equipment', the amount of cash flows attributed to investing activities is increased with a corresponding decrease in cash outflows for 'payments to suppliers'.

The effect of application of the new policy on the comparative year is presented below:

Consolidated Income Statement For the year ended 31 December 2012	Previously reported $m	Adjustments $m	Restated $m
Revenue from sale of concentrates	985.7	–	985.7
Net gain on sale of assets in Cambodia	18.8	–	18.8
Other income	7.9	–	7.9
Net foreign exchange (losses)/gains	(11.3)	–	(11.3)
Changes in inventories of ore and concentrate	(36.7)	(6.2)	(42.9)
Consumables and other direct costs	(319.2)	26.0	(293.2)
Employee benefit expenses	(79.2)	–	(79.2)
Exploration and evaluation expenses	(114.1)	–	(114.1)
Freight expenses	(47.4)	–	(47.4)
Royalties expense	(14.8)	–	(14.8)
Share of net loss of investment in Toro	(2.1)	–	(2.1)
Depreciation and amortisation expenses	(154.9)	(19.8)	(174.7)
Other expenses	(53.5)	–	(53.5)
Profit before net financing income and income tax	179.2	–	179.2
Financing income	23.5	–	23.5
Financing expenses	(3.6)	–	(3.6)
Net financing income	19.9	–	19.9
Profit before income tax	199.1	–	199.1
Income tax expense	(47.1)	–	(47.1)
Profit for the year attributable to equity holders of OZ Minerals Limited	152.0	–	152.0

Consolidated Balance Sheet As at 31 December 2012	Previously reported $m	Adjustments $m	Restated $m
Current assets			
Cash and cash equivalents	659.0	–	659.0
Trade and other receivables	171.7	–	171.7
Inventories	166.3	(4.0)	162.3
Current tax asset	5.1	–	5.1
Prepayments	5.9	–	5.9
Total current assets	1,008.0	(4.0)	1,004.0
Non-current assets			
Inventories	92.2	(2.2)	90.0
Investments accounted for using the equity method	27.4	–	27.4
Investments in equity securities	288.6	–	288.6
Intangible assets	252.2	–	252.2
Lease receivables	59.6	–	59.6
Property, plant and equipment	1,357.6	6.2	1,363.8
Total non-current assets	2,077.6	4.0	2,081.6
Total assets	3,085.6	–	3,085.6
Current liabilities			
Trade and other payables	108.3	–	108.3
Provisions	8.2	–	8.2
Total current liabilities	116.5	–	116.5
Non-current liabilities			
Deferred tax liabilities	162.1	–	162.1
Provisions	21.1	–	21.1
Total non-current liabilities	183.2	–	183.2
Total liabilities	299.7	–	299.7
Net assets	2,785.9	–	2,785.9
Equity			
Issued capital	2,058.9	–	2,058.9
Retained earnings	728.0	–	728.0
Treasury shares	(4.4)	–	(4.4)
Foreign currency translation reserve	3.4	–	3.4
Total equity attributable to equity holders of OZ Minerals Limited	2,785.9	–	2,785.9

Consolidated Statement of Cash Flows For the year ended 31 December 2012	Previously reported $m	Adjustments $m	Restated $m
Cash flows from operating activities			
Receipts from customers	904.9	–	904.9
Payments to suppliers and employees	(487.8)	26.0	(461.8)
Payments for exploration and evaluation	(114.1)	–	(114.1)
Income taxes paid	(6.5)	–	(6.5)
Financing costs and interest paid	(2.4)	–	(2.4)
Interest received	24.7	–	24.7
Net cash inflows from operating activities	318.8	26.0	344.8
Cash flows from investing activities			
Payment for property, plant and equipment	(290.2)	(26.0)	(316.2)
Net proceeds from sale of pre commissioning Ankata ore concentrates	24.9	–	24.9
Payment for acquired lease assets	(63.7)	–	(63.7)
Refund for acquired intangible assets - Carrapateena	0.9	–	0.9
Proceeds from disposal of assets	7.8	–	7.8
Net cash outflows from investing activities	(320.3)	(26.0)	(346.3)
Cash flows from financing activities			
Dividends paid to shareholders	(124.6)	–	(124.6)
Payments on share buy-back	(100.1)	–	(100.1)
Payments on purchase of treasury shares	(1.0)	–	(1.0)
Net cash outflows from financing activities	(225.7)	–	(225.7)
Net decrease in cash held	(227.2)	–	(227.2)
Cash and cash equivalents at 1 January	886.1	–	886.1
Effects of exchange rate changes on foreign currency denominated cash balances	0.1	–	0.1
Cash and cash equivalents at the end of the year	659.0	–	659.0

Inventories as at 31 December 2012	Previously reported $m	Adjustments $m	Restated $m
Concentrates	34.7	(1.4)	33.3
Ore stockpile	110.2	(2.6)	107.6
Stores and consumables	21.4	–	21.4
Inventories – current	166.3	(4.0)	162.3
Ore stockpile – non current	92.2	(2.2)	90.0
Total inventories	258.5	(6.2)	252.3

Mine property and development as at 31 December 2012	Previously reported $m	Adjustments $m	Restated $m
At cost	657.1	26.0	683.1
Accumulated depreciation	(138.4)	(19.8)	(158.2)
Closing carrying amount	518.7	6.2	524.9
Reconciliation of carrying amounts			
Opening carrying amount	273.6	–	273.6
Additions and transfers (including deferred mining)	295.0	26.0	321.0
Ankata pre commissioning ore adjustment	(24.9)	–	(24.9)
Addition to mine rehabilitation asset	3.8	–	3.8
Depreciation expense	(28.8)	(19.8)	(48.6)
Closing carrying amount	518.7	6.2	524.9

36 Events occurring after reporting date

Since the end of the financial year, the Board of Directors has resolved to pay an unfranked dividend of 10 cents per share, to be paid on 13 March 2014. The record date for entitlement to this dividend is 26 February 2014. The financial impact of this dividend amounting to $30.3 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2013 and will be recognised in subsequent Financial Statements.

There have been no other events that have occurred subsequent to the reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of OZ Minerals Limited ('the Company'):

(a) the Consolidated Financial Statements and Notes set out on pages 68 to 119 and the remuneration disclosures that are contained in the Remuneration Report on pages 50 to 66, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the Consolidated Financial Statements also comply with *International Financial Reporting Standards* as disclosed in Note 1(b);

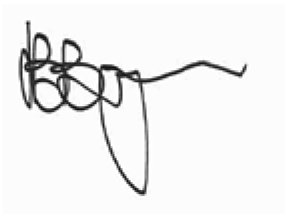
(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.

2. There are reasonable grounds to believe that the Company and the consolidated entities identified in Note 28 to the Consolidated Financial Statements will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2013.

Signed in accordance with a resolution of the directors.

Neil Hamilton
Chairman
Melbourne
12 February 2014



Terry Burgess
Managing Director and Chief Executive Officer
Melbourne
12 February 2014

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the members of OZ Minerals Limited

Report on the Financial Report

We have audited the accompanying Financial Report of OZ Minerals Limited ('the Company'), which comprises the Consolidated Balance Sheet as at 31 December 2013, and the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, notes 1 to 36 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Report that is free from material misstatement whether due to fraud or error. In note 1(b), the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the Financial Statements of the Consolidated Entity comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Financial Report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Report.

We performed the procedures to assess whether in all material respects the Financial Report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Consolidated Entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the Financial Report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in note 1(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 50 to 66 of the Directors' Report for the year ended 31 December 2013. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of OZ Minerals Limited for the year ended 31 December 2013 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Michael Bray

Partner

Melbourne

12 February 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

SHAREHOLDER INFORMATION

Capital

Share capital comprised 303,470,022 fully paid ordinary shares on 13 March 2014.

Shareholder details

At 13 March 2014 the Company had 64,501 shareholders. There were 14,853 shareholdings with less than a marketable parcel of $500 worth of ordinary shares.

Top 20 investors at 13 March 2014

Name	Number of shares	Issued capital
JP Morgan Nominees Australia Limited	59,341,970	19.55%
HSBC Custody Nominees (Australia) Limited	58,913,942	19.41%
National Nominees Limited	33,330,432	10.98%
Citicorp Nominees Pty Limited	16,140,691	5.32%
JP Morgan Nominees Australia Limited <Cash Income A/C>	11,575,235	3.81%
BNP Paribas Noms Pty Ltd <DRP>	8,428,652	2.78%
HSBC Custody Nominees (Australia) Limited –GSCO ECA	7,549,969	2.49%
CS Third Nominees Pty Ltd	7,327,925	2.41%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	2,900,152	0.96%
AMP Life Limited	1,994,976	0.66%
Romadak Pty Ltd <Romadak Super Fund A/C>	1,914,195	0.63%
Bainpro Nominees Pty Limited	1,024,786	0.34%
QIC Limited	907,678	0.30%
Mr Jose Manuel Do Rego Medeiros	850,000	0.28%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	796,389	0.26%
Debortoli Wines Pty Limited	780,400	0.26%
Argo Investments Limited	701,342	0.23%
The Australian National University	540,000	0.18%
Romadak Pty Ltd <Romadak Super A/C>	526,123	0.17%
HSBC Custody Nominees (Australia) Limited – A/C 2	512,362	0.17%
Total	**216,057,219**	**71.20%**

Substantial shareholders of OZ Minerals Limited

JCP Investment Partners Ltd advised that as at 12 December 2013, it had an interest in 29,664,147 shares, which represented 9.77% of OZ Minerals capital at that time.

Vanguard Precious Metals and Mining Fund advised that as at 22 August 2013, it had an interest in 29,950,000 shares, which represented 9.87% of OZ Minerals capital at that time.

M&G Investment Funds advised that as at 01 August 2013, it and its associates had an interest in 51,984,133 shares, which represented 17.12% of OZ Minerals capital at that time.

SHAREHOLDER INFORMATION - CONTINUED

Investor categories at 13 March 2014

Ranges	Number of investors	Number of shares	Issued capital
1 – 1,000	49,150	16,549,233	5.45%
1,001 – 5,000	12,582	28,031,968	9.24%
5,001 – 10,000	1,688	12,404,292	4.09%
10,001 – 100,000	1,026	23,592,151	7.78%
100,001 – and Over	55	222,892,378	73.45%
Total	**64,501**	**303,470,022**	**100.00%**

Voting rights

On a show of hands, every member present in person or by attorney or by proxy or by representative shall have one vote for every share held by the member. Upon a poll, every member present in person or by attorney or by proxy or by representative shall have one vote for every share held by the member. Where more than one proxy, representative or attorney is appointed, none may vote on a show of hands.

Other securities on issue

The Company has a number of other securities on issue in addition to ordinary shares. The details of the securities held as at 13 March 2014 are as follows:

Class of security	Number of holders	Number of securities
Performance Rights	344	1,986,028

No voting rights attach to the above securities, however, any ordinary shares that are allotted to the holders of the securities upon vesting or conversion of the above mentioned securities will have the same voting rights as all other ordinary OZ Minerals shares.

Dividends

The Company announced a final dividend of 10 cents per share unfranked with respect to the year ended 31 December 2013 which was paid to shareholders on 13 March 2014. The Company previously announced an interim dividend with respect to the six months ended 30 June 2013 of 10 cents per share unfranked, which was paid to shareholders on 25 September 2013.

Dividend payments

Your dividend payments are credited directly into any nominated bank, building society or credit union account in Australia.

Share registry information

The OZ Minerals share registry is maintained by Link Market Services Limited.

Visit Link Market Services' website www.linkmarketservices.com.au and access a wide variety of holding information, change your personal details and download forms. You can:

- check your current and previous holding balances
- elect to receive financial reports electronically
- update your address details
- update your bank details
- confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- check transaction and dividend history
- enter your email address
- check the share prices and graphs
- download a variety of instruction forms.

You can access this information via a security login using your Security Holder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

Contact information

Shareholder enquiries about their shareholding should be addressed to Link Market Services. You can contact the Company's share registry by calling +61 1300 306 089 (local call cost within Australia). Share registry contact details are contained in the inner back cover of this report.

Contact Details

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Careers at OZ Minerals
www.ozminerals.com/careers

Annual General Meeting

Tuesday 27 May 2014
at 2.00pm (AEST)
Melbourne Exhibition
Centre Auditorium

Level 2, 2 Clarendon Street
Southbank, Melbourne
Victoria

Cover story

OZ Minerals Copper Sculpture 'Dream Voyager' by Nicholas Uhlmann

South Australian based sculptor Nicholas Uhlmann was the recipient of the 2013 OZ Minerals Copper Sculpture Award, and was awarded copper and funding to create his original sculpture. Dream Voyager is a stunning three metre high copper sculpture. The large sail-like sculpture is made of perforated copper wrapped around a stainless steel armature, anchored on a brilliantly blue patinated copper and corten steel base.

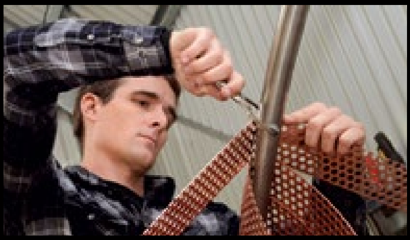
Dream Voyager was exhibited in the main terminal of the Adelaide Airport during the 2013 South Australian Living Arts Festival (SALA).

OZ Minerals has an ongoing partnership with SALA and has offered the Copper Sculpture Award since 2010.

The Copper Sculpture Award is similar to a commission. South Australian artists are given the opportunity to submit a proposal of their idea and apply for financial assistance for copper and production costs. Artists are then able to sell their works after the SALA Festival.

Previous winners include Chris Ormerod with 'This Vital Arc', Rachel and Mark Young with 'After the Rain', Victor Harbor High School with their copper school signage and print artist Mei Sheong Wong.

In 2013 'This Vital Arc,' a large lightning bolt structure created by Chris Ormerod, found a permanent home at OZ Minerals' Prominent Hill mine.



Copper sculpture photography: Catherine Leo

OZ MINERALS