

A modern mining company



27 February 2019

The Manager, Companies
Australian Securities Exchange
Companies Announcement Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

OZ Minerals 2018 Annual and Sustainability Report

OZ Minerals today announced its results for the full year ended 31 December 2018. Attached is the Appendix 4E and 2018 Annual and Sustainability Report including:

- Directors' Report
- Remuneration Overview and Report
- FY18 Financial Report
- Sustainability Report

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'M' followed by a long, horizontal, wavy line.

Michelle Pole

Company Secretary and Senior Legal Counsel

RESULTS FOR ANNOUNCEMENT TO THE MARKET

We have provided the announcement to the market results in accordance with Australian Securities Exchange (ASX) Listing Rule 4.2A and Appendix 4E for the Consolidated Entity (OZ Minerals) comprising OZ Minerals Limited (OZ Minerals Limited or the 'Company') and its controlled entities for the year ending 31 December 2018 (financial year) compared to the year ending 31 December 2017 (comparative year).

Consolidated results, commentary on results and outlook

	31 December 2018 \$m	31 December 2017 \$m	Movement \$m	Movement %
Revenue	1,117.0	1,023.1	93.9	9.2
Profit after tax attributable to OZ Minerals Limited equity holders	222.4	231.1	(8.7)	(3.8)

The commentary on the consolidated results and outlook, including changes in state of affairs and likely developments of the Consolidated Entity, is set out on pages 6 to 19 and within the Financial Review section of the Directors' Report (page 24).

Net tangible assets per share

	31 December 2018 \$ per share	31 December 2017 \$ per share
Net tangible assets per share	9.03	8.42

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

Dividends

Since the end of the financial year, the Board of Directors has resolved to pay a fully-franked dividend of 15 cents per share on 26 March 2019. The record date for entitlement to this dividend is 12 March 2019. The financial impact of the dividend amounting to \$48.4 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2018 and will be recognised in subsequent consolidated financial statements.

Dividends announced or paid since 1 January 2017

Record date	Payment date	Fully franked cents per share	Total dividends \$m
12 March 2019	26 March 2019	15	48.4
3 September 2018	17 September 2018	8	25.8
12 March 2018	26 March 2018	14	41.8
7 September 2017	21 September 2017	6	17.9
10 March 2017	24 March 2017	14	41.8

Independent auditor's report

The above announcement of the results to the market is based upon the Consolidated Financial Statements and we have included the Independent Auditor's Report to OZ Minerals Limited members in OZ Minerals' 2018 Annual and Sustainability Report.



2018
OZ Minerals Annual
and Sustainability Report



Cover image: Antas mine, Brazil

Inside cover image: Exploration at Carrapateena



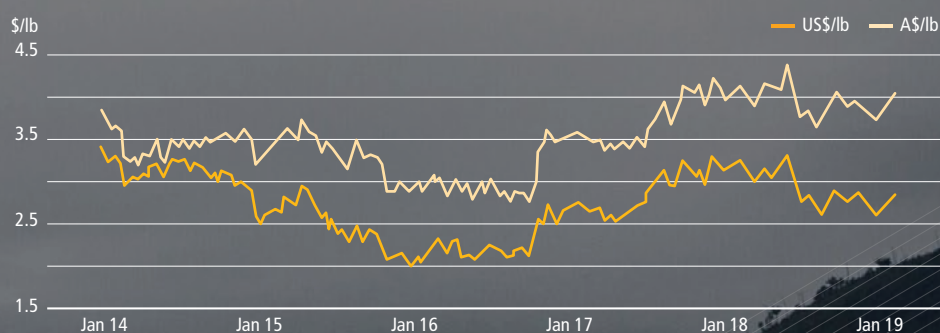
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Cautionary statement

This report contains forward-looking statements that relate to our activities, plans and objectives. Actual results may significantly differ from these statements, depending on a variety of factors. The term 'material topic' is used for voluntary sustainability reporting to describe topics that could affect our sustainability performance. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and circumstances that will occur in the future and may be outside OZ Minerals' control. Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements.

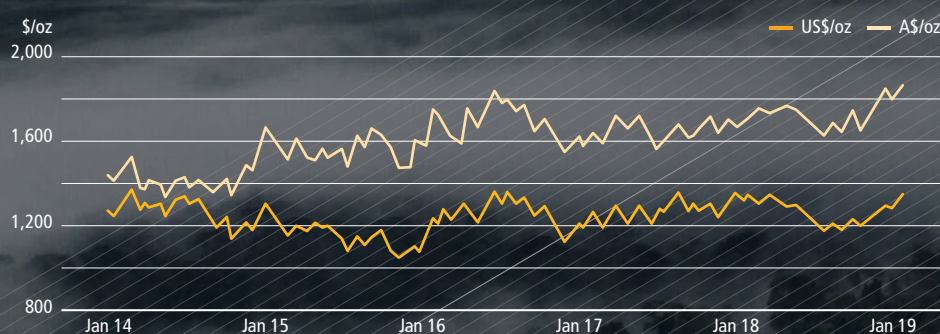
COPPER PRICING



SNAPSHOT

- / Fourth consecutive year copper production and cost guidance met at Prominent Hill
- / Carrapateena Phase 1 construction completed, Phase 2 construction underway
- / Brazilian asset and project portfolio acquired in Carajás and Gurupi
- / Progressed to 51% ownership on West Musgrave project

GOLD PRICING



FULL YEAR FINANCIAL RESULTS SUMMARY

	2018 \$m	2017 \$m
Group revenue	1,117.0	1,023.1
Underlying EBITDA	540.4	539.4
Net depreciation	(228.5)	(218.7)
Underlying EBIT	311.9	320.7
Net finance income	7.1	8.7
Income tax expense	(90.5)	(98.3)
Underlying NPAT	228.3	231.1
Non-underlying items net of tax	(5.9)	–
NPAT	222.4	231.1
Dividends per share (cents)	23	20

135,647

ounces of gold produced

115,998

tonnes of copper produced

ALL ASSETS



Message from the Chairman and CEO

Dear shareholders,

Realising our growth strategy in a changing world

This year we safely and significantly advanced our growth strategy, having prepared the company for growth over the preceding three years.

We reached or exceeded the production and cost guidance at Prominent Hill and advanced Carrapateena, our copper-gold project in South Australia, with final government approvals in March 2018 triggering the second stage of construction. We have taken the first step towards becoming a global copper core modern mining company with the successful acquisition of Avanco Resources, an Australian-based company with an operating asset and a number of advanced exploration projects in Brazil, giving us a foothold in two highly prospective provinces, Carajás and Gurupi. We continued to evolve OZ Minerals' exploration pipeline with new sites in Sweden and Peru.

A good balance sheet supported by strong financial results led to a \$677.3 million investment into growth activities; \$67.6 million in dividends to shareholders; and a cash balance of \$505.0 million.

Strengthening the leadership and structure

Through 2018, OZ Minerals' organisational structure has evolved for growth. We've refined our strategy; strengthened and simplified governance processes; and reorganised the team to support the forward momentum. The refreshed strategy will deliver a continued push to innovate and create value.

Safety is core to OZ Minerals and it is an integral part of everything we do. Our overall total recordable injury frequency rate was 7.52 compared to 6.39 in 2017, partially reflecting the change and rapid growth of activity during 2018 with the construction of a new mine and projects now in multiple countries. Safety improvement focussed initiatives are being stepped up in 2019.

The devolved organisational structure has enabled us to integrate the new Brazilian assets while retaining a strong focus on operating the Prominent Hill mine and building the Carrapateena project. The company's strategy and activities are managed by an executive team with experience in larger, more complex companies and international operations.

The OZ Minerals Board has the breadth and depth of experience to navigate us through a future with global operations. Two new directors recently joined the Board. Charlie Sartain and Marcelo Bastos bring extensive international copper mining experience to the team – both directors have also worked at senior levels of large international mining companies in South America.

Innovation and agility

We have implemented many changes to the culture and wider stakeholder relationships over the past years and there will be more to come as the company grows.

We are determined to do things better and innovate:

- / Prominent Hill built up its data management and analysis capabilities and is investigating how big data could be captured and stored by embedding wireless technology throughout its surface operations.
- / We investigated opportunities to increase Prominent Hill's production to above 3.5 million to four million tonnes per year once stockpiles are exhausted in 2023.
- / At Carrapateena, the innovative approach used to develop community and business partnerships continued to yield positive outcomes; the Carrapateena team, together with Global Maintenance Upper Spencer Gulf, was a joint recipient of the South Australian Premier's Award for Excellence in Working with Communities.
- / At West Musgrave we worked with PwC – The difference to develop a new, effective, inclusive and accelerated style of working on the project.

Partnering with our communities

In 2018, we embarked on developing a flagship social contribution project under the banner Educating the Next Generation. We are in the early stages of developing partnerships with The Smith Family and the Clontarf Foundation.

The three-year education support program will create value for the communities where we operate, build enduring partnerships aligned with the community's aspirations, and provide engagement opportunities for our employees. Importantly, the flagship banner, Educating the next Generation, is internationally applicable.

Rewarding our shareholders

As a result of our strong performance in 2018, the Board declared a total, fully-franked dividend for 2018 of 23 cents per share, made up of a half year payment of eight cents per share and an end-year payment of 15 cents. 2018 earnings per share totalled 71.5 cents.

Our updated capital management strategy prioritises shareholder returns while supporting our growth ambitions.

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Through 2018, OZ Minerals' organisational structure has evolved for growth. We've refined our strategy; strengthened and simplified governance processes; and reorganised the team to support the forward momentum.

2018 FINANCIAL & OPERATIONAL HIGHLIGHTS

- / \$1,117.0m revenue
- / \$222.4m statutory net profit after tax
- / \$505.1m cash balance
- / 71.5 cents earnings per share
- / Total dividends for 2018: 23 per share fully franked
- / Fourth consecutive year copper production and cost guidance met at Prominent Hill
- / Carrapateena Phase 1 construction completed, Phase 2 construction underway
- / Brazilian asset and project portfolio acquired in Carajás and Gurupi
- / Progressed to 51% ownership on West Musgrave project

2019 priorities

The outlook for copper remains optimistic with demand for traditional and new uses of copper contributing to a projected growth in demand. A global mine supply shortfall is projected in the coming years due to declining head grades and a lack of new mine development. This, combined with emerging technology which depends on copper, suggests that it will remain a sought-after commodity.

In 2019, we will deliver value for shareholders and other stakeholders – employees, communities, governments and suppliers – by:

- / strengthening our approach to safe work and further embedding it in our operations
- / fostering innovation and collaboration in the business and developing a modern mining culture
- / reliably and consistently delivering Prominent Hill's mine plan and seeking ways to extend its life so that it continues to support future growth

- / commissioning Carrapateena on schedule for Quarter 4 2019
- / optimising plans to develop our Brazilian assets
- / completing the pre-feasibility study for West Musgrave, our copper nickel project with Cassini Resources in Western Australia
- / developing a 'phase two' expansion plan for Carrapateena
- / maintaining the future growth pipeline through a province approach and seeking acquisitions that provide foot-holds into priority mineralised belts.

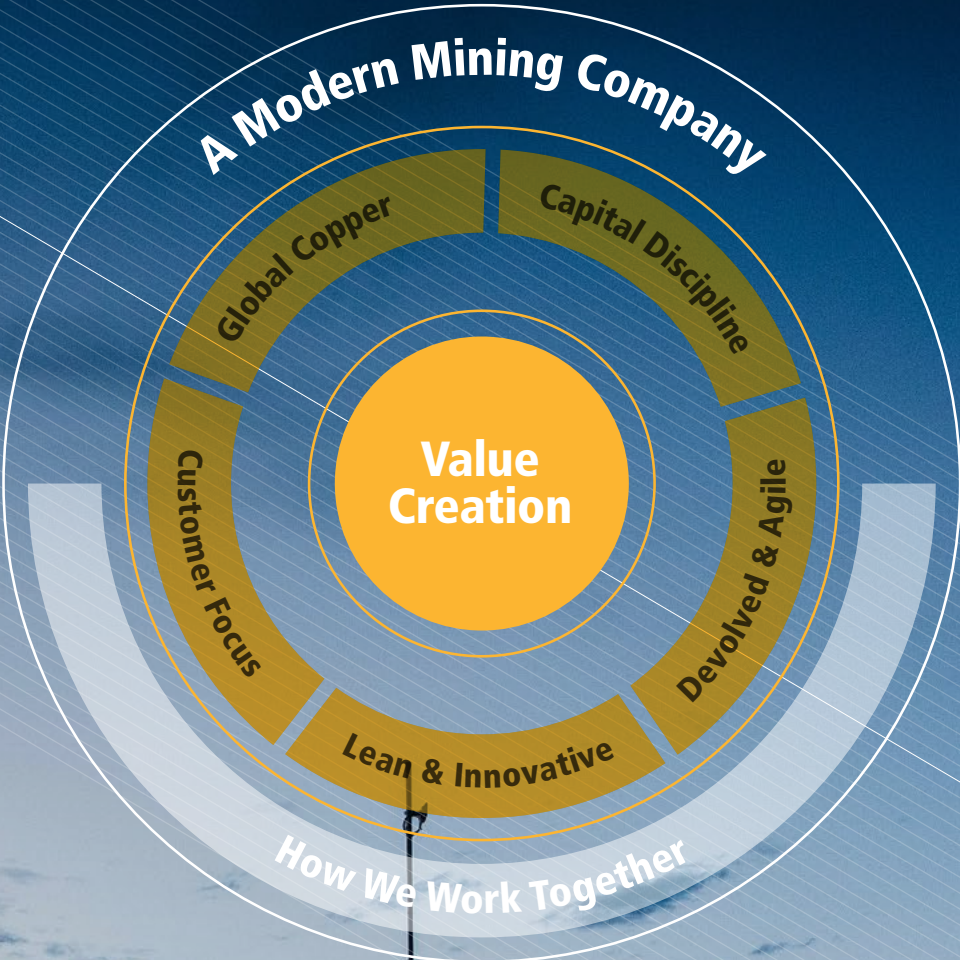
Our achievements of today and tomorrow would not be possible without the support of our shareholders, customers, partners, communities and our people. We thank you for your support and are pleased to lead OZ Minerals on the journey towards becoming a modern mining company.



Rebecca McGrath
Chairman
Adelaide, 27 February 2019



Andrew Cole
Managing Director and CEO
Adelaide, 27 February 2019



Company strategy

We refined our strategy in 2018 and kept the focus on creating stakeholder value in ways consistent with the How We Work Together principles. Delivering to strategy through 2018 saw us moving to realise our vision of becoming a global copper-core modern mining company that delivers superior value across multiple operating assets with diverse operations and project pipeline.

Creating value is at the heart of our strategy. It means creating value for all of our stakeholders – shareholders, employees, communities, governments and our supply partners. This concept of value creation has been embedded into our governance system through our process standards and how we assess risk.

Global copper

Our acquisition of Avanco Resources Limited, which has an operating asset and projects in Brazil, delivers on our strategy of developing a global portfolio of copper assets. The acquisition immediately added to our copper production profile and provided us with expansion options in the highly prospective Carajás iron-oxide-copper-gold province and Gurupi Greenstone Gold Belt in Brazil, enhancing our portfolio at every stage of the asset pipeline.

Capital discipline

We responsibly use shareholder funds for long term success, only spending on things we need and that represent the best value. Capital discipline is applied across all our projects, regardless of their stage, and we continue to look for opportunities to reduce costs where we can.

Having a strong balance sheet gives flexibility and agility. We chose to fund the acquisition of Avanco partly with scrip, to maintain a strong balance sheet through the development of Carrapateena, and to give flexibility for the future.

We updated our capital management strategy in 2018 to prioritise shareholder returns while supporting our growth strategy and maintaining a disciplined approach to capital allocation.

Devolved and agile

A devolved organisational model is an important enabler of our strategy and allows us to efficiently bring more assets into the company from different parts of the world or potentially exit assets in future. Our assets remain autonomous and accountable, while the corporate centre undertakes work on strategy; customers and owners; assurance; and growth. Our devolved model unlocks discretionary effort and value, as our people are accountable and encouraged to collaborate to make better and more agile decisions. During the year, we reorganised our Executive Committee team's areas of responsibility so we can continue to be flexible and scalable as our business grows.

Lean and innovative

Running a lean business encourages our people to find new and better ways to work, as we innovate to deliver bottom-half cost curve and superior production performance. We embrace new ideas and new thinking and are willing to be the first to try something which might add value. We test ideas safely and efficiently, fail fast and look beyond our own industry for inspiration. In 2018, we simplified our process standards to complement our governance system and ensure high compliance standards. The simplified process standards allow our assets to adapt to their local conditions and encourage our employees to use their innate skills, be curious and innovate.

Customer focus

We provide a quality product based on our customers' needs and market demand. Our people know our customers well and we want to be partners to their businesses.

How We Work Together

Our How We Work Together principles are the glue that binds our company. Our people use the principles to create an inclusive culture that drives diversity and results in superior performance. We work safely, unlock innovation, embrace change and consistently deliver.

Winning the 2018 Premier's Award for Excellence in Working with Communities acknowledges how our How We Work Together principles have been leveraged to generate shared value for our community stakeholders.

Prominent Hill

Prominent Hill is a copper–gold–silver mine located in South Australia, 130 km south-east of Coober Pedy.

Prominent Hill continues to deliver consistent and reliable results, meeting copper production and cost guidance for the fourth consecutive year. Prominent Hill generated \$522.0 million in free cash and enables our growth activities.

Highlights for 2018

- / We achieved cost guidance and annual copper and gold production.
- / The mine life was extended to 2030.
- / The open pit mine was safely closed after more than 100 Mt of ore was mined over 10 years.
- / We successfully transitioned the mine to an underground-only operation.
- / We completed the third and fourth underground declines, enabling a ramp up in 2019.
- / Operational efficiencies increased as we commissioned surface fleet rehandling activities.
- / We began a mine expansion study, with drilling expected to begin in Quarter 1 2019.
- / Construction of a new transmission line commenced.
- / Our mine-to-mill modelling software was upgraded to improve scenario analysis capability and facilitate faster operational decision-making and improved strategic planning.

Safe, consistent and reliable operations

Prominent Hill's transition to an underground-only mining operation was completed in early 2018.

Thiess Mining, the contractor for open pit mining at Prominent Hill, was awarded a five-year contract to provide run-of-mine management, crusher feed and ore-rehandling services.

Underground mining will ramp up to 3.7–4.0 Mtpa¹ in 2019 as the third and fourth declines were completed during the year. The plant at Prominent Hill will remain at full capacity until mid-2023, supplemented by ore from the open pit stockpiles.

In early 2018, a power strategy was developed for our South Australian assets. The first phase included the development of a transmission line, which is being constructed under a build, own, operate, and maintain agreement with ElectraNet. Construction will commence in 2019 and the transmission line is expected to be operational in mid-2020.

Safety is a core value at Prominent Hill. The TRIFR for 2018 was 5.78, which was higher than the previous year. Safety of our people will continue to be a key focus for Prominent Hill through our safety leadership, our systems of work, and our workplace attitudes where all employees and contractors take action to ensure effective controls that address hazards are in place. Key initiatives included:

- / implementing collaborative safety training with the South Australian ambulance service
- / undertaking a nationally recognised auditor training course to effectively audit site compliance against the OZ Minerals performance standards and embrace best practice initiatives
- / developing skills for Prominent Hill's emergency response team through participation in the South Australian Mines Emergency Rescue competition
- / commencing a behavioural safety program to support safety leadership and a strong safety culture aligned to organisational values
- / establishing a site-based health and wellbeing centre for physiotherapy and counselling services.

Working in the community

Creating value for our stakeholders is an enduring priority at Prominent Hill. In 2018, we developed a partnership with the local Coober Pedy Area School to support and mentor young people in the local area.

We also worked together with Global Maintenance Upper Spencer Gulf and the State Government's Industry Capability Network to encourage local businesses to participate in our operations.

Our focus in 2019 is to:

- / consistently deliver strong results with C1 costs in the bottom half of the cost curve
- / construct the Malu Paste Plant. This will replace the Cemented Hydraulic Fill Plant and is scheduled to be completed in Quarter 4 2019
- / progress internal mining studies to investigate options for delivering higher value mine plans. This includes the Prominent Hill expansion study where drilling is to commence in early 2019
- / complete a feasibility study on haulage options
- / steadily ramp up underground mining to 3.5–4.0 Mtpa¹
- / complete gold-only ore processing trials with a view to test recoveries and mill throughput.

//
The Prominent Hill mine has achieved copper guidance for four consecutive years. It continues to generate value through strong operational discipline and consistent, safe, and cost effective production.

¹ To be read in conjunction with cautionary statement on p. 1.

² Please refer to the Mineral Resources and Ore Reserves section (page 90) for full disclosure.

130,856
ounces of gold produced

110,111
tonnes of copper produced

OVERVIEW

Location: 650 km north-west of Adelaide,
130 km south-east of Coober Pedy

Product: Copper concentrate
(containing gold and silver)

Mining method: Open pit transitioned
to underground-only mine

Processing method: Conventional crushing,
grinding and flotation

Mineral Resources: 150 Mt at 1.0% copper,
0.7 g/t gold, and 2.9 g/t silver²

Reserves: 69 Mt at 1.0% copper,
0.6 g/t gold, and 3 g/t silver²



Delivering

construction on schedule

Commissioning in
**Quarter 4
2019**

OVERVIEW

Location: 250 km south-east of Prominent Hill and 160 km north of the regional centre of Port Augusta in South Australia

Status: Construction underway, commissioning scheduled for Quarter 4 2019, project then ramps up to steady state production

Resources: 134 Mt at 1.5% copper, 0.6 g/t gold³

Reserves: 79 Mt at 1.8% copper, 0.7 g/t gold³

Robust financials: NPV ~\$910 million; IRR ~20% on post tax basis at copper/gold \$A consensus pricing⁴

Carrapateena

Our Carrapateena copper–gold project is on schedule for commissioning in Quarter 4 2019 after significant construction during the year. After commissioning, the project will ramp up over eighteen months to a steady state production of 4.25 Mtpa.

Carrapateena is an iron-oxide–copper–gold (IOCG) deposit located in the highly prospective Gawler Craton in South Australia. The project is one of Australia's largest new mining developments and has an estimated mine life of 20 years.

Highlights for 2018

- / We received all primary and secondary approvals.
- / Phase one of construction began and was completed, including the aerodrome, airstrip and accommodation village.
- / Phase two construction began, which includes the minerals processing plant, non-processing infrastructure, the tailings storage facility and installation of the communications network.
- / The team received the Premier's Award for Excellence in Working with Communities.
- / Underground development rates remained on schedule because of a smooth transition to the new underground mining contractor.
- / The total decline development reached over 10,600 m at the end of January 2019.
- / We strengthened relationships with the local community, pastoralists and traditional owners.
- / Key leadership appointments were made in line with the operational readiness plan.

Construction of the minerals processing plant was brought forward as part of an optimised development strategy. We also improved safety and commenced the upgrade of the existing southern access road in line with this strategy. Tailings storage facility construction was deferred until Quarter 4 2018 and construction of the western access road was deferred until 2020.

Safety focus

Safety is a core value for the project across operational and construction teams. In 2018 the TRIFR was 7.52, an improvement on the previous year. The team implemented the Stand Together for Safety initiative, which saw contract partners and the project team align safety messaging and activities across the site.

Working in the community

We have continued our commitment to further developing partnerships with the local community, pastoralists and traditional owners.

More than 40 local businesses have delivered work for the project through a partnership with the Global Maintenance Upper Spencer Gulf and Industry Capability Network, that is designed to maximise local industry and business participation.

The Partnering Management Committee, made up of members of the Carrapateena team and the Kokatha Aboriginal Corporation, continues to meet on a quarterly basis to operationalise the Native Title Mining Agreement.

Land access agreements with pastoralists from surrounding properties have been successfully negotiated. A number of community roadshows were also held throughout the year to update the local community on the project's progress.

Our focus for 2019 is to:

- / commission and have first concentrate by Quarter 4 2019
- / hand over the project from construction to operations in Quarter 4 2019
- / install the underground materials handling system
- / complete improvements to the southern access road
- / complete construction of all five surface vent shafts
- / energise the powerline and substation onsite in Quarter 2 2019
- / continue expansion studies.

Carrapateena province expansion

Carrapateena expansion studies started in 2018 and were focused on optimising the Carrapateena resource and 'life of province' planning. These studies investigated how to optimise the sub-level cave inventory (a possible block cave transition for the lower half of the Carrapateena resource) and included options for mining nearby lower grade mineralised zones. Study outcomes are expected to be available in Quarter 1 2019.

In 2018, we undertook resource delineation programs at the Fremantle Doctor and Khamsin prospects which returned broad intersections of mineralisation and extended grade outside of the previously modelled mineralised domains.

Four holes were drilled at Fremantle Doctor, all of which returned intersections of chalcopyrite-dominant copper mineralisation. The recent drilling was incorporated into a re-interpretation and subsequent release of a maiden inferred resource of 104 million tonnes at 0.7% Cu and 0.5 g/t Au¹. The Fremantle Doctor deposit provides another valuable input into the company's 'life of province' planning and will help inform expansion studies currently in progress.

At Khamsin, the four holes drilled in 2018 all returned broad intersections of zoned bornite and chalcopyrite mineralisation. A standout intersection of 402.6 m at 1.38% Cu and 0.27 g/t Au in DD18KMS031 (from 735m)² extended the previously interpreted high grade domain to the south-west. The drilling results are currently being used to help model the area's geology, which will improve understanding of the project and guide further drilling.

// Carrapateena is one of Australia's largest undeveloped copper deposits. It will be a 4.25 Mtpa underground sub-level cave operation and have an estimated mine life of 20 years. Carrapateena is located in a highly prospective region, with known mineralisation at Khamsin and Fremantle Doctor.

¹ Detailed information required under JORC 2012 can be found in the *Fremantle Doctor project mineral resource statement and explanatory notes* – 12/11/2018.

² Detailed information required under JORC 2012 can be found in the *2018 Quarter 2 quarterly report* – 19/07/2018.

³ Please refer to Mineral Resources and Ore Reserves section (p. 90) for full disclosure.

⁴ This information was extracted from the *Carrapateena project Feasibility Study Update* report released to the ASX on 24 August 2017 and is available at ozminerals.com/media/asx. OZ Minerals confirms that all material assumptions underpinning the production target in that report continue to apply and have not materially changed.

Musgrave province

The Musgrave province is a highly prospective region spanning Western Australia and South Australia. OZ Minerals has two projects in the area, the West Musgrave project with Cassini Resources which is currently in the pre-feasibility study stage, and the East Musgrave exploration joint venture with Woomera Exploration Ltd that targets magmatic copper–nickel sulphide systems.

West Musgrave project

The West Musgrave project is located in Western Australia, near the South Australian border. It is Australia's largest undeveloped copper–nickel project.

West Musgrave contains three known deposits – Nebo, Babel and Succoth, and the One Tree Hill prospect. The further scoping study completed in 2017 proposed developing the Nebo and Babel deposits as a low cost, long life, open pit mine. The most financial potential was seen in the 10 Mtpa case, which generated an eight year mine life and an annual average net cash flow of \$120–\$150 million¹.

// The Musgrave area is an exciting new mineral province with attractive near-mine and district opportunities.

WEST MUSGRAVE OVERVIEW

Location: Western Australia near the South Australian and Northern Territory border

Earn-in agreement: Cassini Resources 49% ownership; OZ Minerals 51% ownership

Deposit: Nebo, Babel, Succoth

Status: West Musgrave project, currently in pre-feasibility study

Resources: Nebo and Babel contain a combined indicated and inferred mineral resource estimate of 283 Mt at 0.39% copper and 0.36% nickel¹. Succoth inferred mineral resource estimate is 156 Mt at 0.6% copper².

Indicative project production metrics:¹

- Processing capacity: 10 Mtpa
- Mine life: 8 years
- Average copper production: 25–30 ktpa
- Average nickel production: 20–25 ktpa
- Average cobalt production: 700–1,000 tpa

Exploration program: One Tree Hill prospect and the Succoth deposit

A pre-feasibility study (PFS) on the project is almost complete. It focuses on improving metallurgical recoveries, lowering costs for non-process infrastructure, and resource conversion. OZ Minerals is leading the study and our joint venture partner, Cassini Resources, is managing on-the-ground activities. The PFS is scheduled for completion in Quarter 2 2019. A parallel regional exploration program led by Cassini Resources is also underway and focuses on the One Tree Hill prospect and Succoth copper deposit.

2018 highlights

- / In 2018, we progressed to 51% ownership by spending \$22 million on the project. OZ Minerals has the option to progress to 70% ownership by spending a total of \$36 million.
- / Early results from the PFS metallurgical test work are encouraging and showed improvement in copper and nickel recovery and an increased grade of copper concentrate.
- / The regional exploration program revealed a second significant intersection of copper and nickel mineralisation at the Yappsu prospect, just six kilometres east of Nebo and Babel. This demonstrates the province's potential.
- / We completed the 2018 resource drilling program ahead of schedule which has enabled the 2019 infill drilling program to be brought forward.
- / We completed the exploration program at Succoth to test geological interpretation and inform 2019 exploration drilling.
- / Key leaders were appointed and our team has been given resources to deliver the PFS, resource assessment, community engagement and agreements, and approval programs.

Additional highlights from the PFS

- / A water modelling program of regional groundwater resources was completed.
- / We completed the geotechnical drilling program around the current pit outline.
- / We began the engineering study, which includes processing and non-processing infrastructure.
- / Expressions of interest have been sought for power supply solutions.
- / The West Musgrave camp was expanded to support increased on-ground activity.

The team has also been working on strengthening relationships with the local community and traditional owners. A number of community meetings were held during the year and we began a cultural heritage program to identify areas of cultural significance. The team is working alongside the traditional owners to develop a shared vision of what the project could look like.

Our focus for 2019 is to:

- / complete the PFS
- / further strengthen relationships with the local community
- / progress project approvals
- / develop a mining access agreement with the traditional owners
- / complete the inaugural ore reserve
- / implement new ways of working to pilot how OZ Minerals undertakes major projects.

East Musgrave

The East Musgrave project with Woomera Exploration targets magmatic nickel–copper sulphide systems similar to those of the Nebo-Babel deposits in West Musgrave. The Project is located in the Musgrave province, 500 km east of the West Musgrave project in South Australia's far north.

After drilling is complete, OZ Minerals has the option to earn up to 51% of the project by spending \$2.5 million within 18 months. An additional spend of \$5.0 million within two years will allow OZ Minerals to progress to 75% ownership.

2018 highlights

- / We began negotiations for a Native Title Mining Agreement with Tjajuwara Unmuru Aboriginal Corporation, traditional owners of East Musgrave.
- / We completed an electro-magnetic survey and defined six targets for drill testing.
- / We began drill testing of six targets to look for magmatic nickel–copper sulphide systems similar to those of the Nebo-Babel deposits in West Musgrave. We expect results in early 2019.

EAST MUSGRAVE OVERVIEW

- / **Location:** Musgrave province, 500 km east of the West Musgrave project in far-north South Australia
- / **Status:** Copper–nickel exploration project
- / **Earn-in agreement:** Woomera Exploration Ltd.
- / **Earn-in conditions:** OZ Minerals to fund EM survey and approximately 4,000 m of drilling. After drilling is complete, OZ Minerals can elect to earn 51% equity in the project by achieving a total spend of \$2.5 million in exploration activity within 18 months. An additional \$5.0 million for further exploration and drilling will secure a total 75% equity in the project within the following two years.

¹ This information was extracted from the West Musgrave project to progress to pre-feasibility study report released to the ASX on 14 November 2017 and is available at ozminerals.com/media/asx. OZ Minerals confirms that all material assumptions underpinning the production target in that report continue to apply and have not materially changed.

² This information was extracted from the Cassini Resources' ASX Release entitled *Maiden Succoth Resource Estimate* dated 7 December 2015 and is available at cassiniresources.com.au/investor-relations/asx-announcements. The information in this report that relates to exploration results has not been compiled by OZ Minerals. The reported information has been derived from publically available information arising from exploration activity reported by Cassini Resources. OZ Minerals makes no comment or representation regarding the exploration, verification and evaluation techniques adopted in respect of the historical exploration results reported in this announcement.



5,887

tonnes of copper produced at Antas¹

4,791

ounces of gold produced at Antas¹

Brazil

In August 2018, OZ Minerals completed an off-market takeover of the Australian-listed company Avanco Resources Limited (Avanco) for a net purchase consideration of \$428.3 million.

With an operating mine and a number of advanced projects in Brazil, this represented a strategic opportunity for OZ Minerals to diversify our portfolio and add to our organic growth pipeline.

Brazil is a stable operating jurisdiction and supports mining. This acquisition has given us a major foothold in two world class mineral provinces: the Carajás Copper Region and the Gurupi Greenstone Belt.

On completion of the takeover, a small dedicated team has been focused on integrating the Brazilian assets into OZ Minerals, optimising the asset portfolio, and introducing the required systems and processes to align with our operating philosophy.

Avanco and OZ Minerals shared a strong cultural alignment and we retained Avanco's in-country Brazilian management team and employees. They have a proven track record of project delivery and hold strong relationships with local stakeholders.

Brazilian assets

The Brazilian assets have been part of the OZ Minerals portfolio for six months. In line with good practice, a review, verification and improvement process is underway, applying the OZ Minerals value lens to prioritise and phase project development.

The Carajás province is a premier mineral province located in northern Brazil. It hosts the world's largest concentration of quality, large tonnage IOCG deposits.

We hold an asset and two projects in the Carajás province:

- / **Antas** – an operating copper–gold mine
- / **Pedra Branca** – an IOCG project currently in the definitive feasibility stage
- / **Pantera** – a high-grade copper–gold exploration project covering approximately 100 square kilometres.

The Gurupi province is an underexplored and emerging geological region that hosts several large gold deposits. The province is located in the Brazilian state of Maranhão, between the cities of Belém and São Luis. It is close to existing infrastructure, including sealed roads, power, water and skilled labour.

We hold one development project in the Gurupi province, **CentroGold**. This gold project is currently in the pre-feasibility study stage.

Antas

Antas is a small, high grade, open-pit copper–gold mine located in the state of Pará, in northern Brazil. The mine produced 5,887 tonnes of copper and 4,791 ounces of gold in 2018¹.

Antas has been operating since July 2016 and successfully completed the ramp up to full production on schedule. The processing plant is operating above 800 ktpa and has been designed to support increased capacity.

2018 highlights

- / Management of the asset was transitioned to OZ Minerals effectively.
- / We completed over 4,500 metres of resource delineation drilling.
- / Optimisation improvements resulted in greater efficiencies and cost savings.
- / We commenced a review of the open pit mineral resource and mine plan.
- / 16 of 20 trainees from the company training program were employed at Antas, a record for the company.

Our focus for 2019 is to:

- / maintain high performance and pit operating efficiencies
- / implement the optimisation opportunities identified in 2018
- / complete a review of the open pit mineral resource and mine plan
- / continue mine life extension work with a near-mine exploration program
- / continue to integrate OZ Minerals' governance structures
- / strengthen relationships with local community.

ANTAS OVERVIEW

- / **Location:** Carajás province. Northern Brazil, in the state of Para, 25 km south-east of Parauapebas
- / **Product:** Copper concentrate containing gold
- / **Mining method:** Open pit, drill and blast
- / **Processing method:** Conventional crushing, grinding and flotation

¹ Antas metrics represent production for the second half of 2018 only.



Pedra Branca

Pedra Branca is an IOCG project located in the southern part of the Carajás province, 100 km south of Parauapebas.

The project comprises two adjacent high-grade copper–gold deposits: Pedra Branca East and Pedra Branca West. In 2017, a pre-feasibility study conducted by Avanco recommended a 1.2 Mtpa underground mine targeting Pedra Branca East and pre-production capex of ~US\$158 million¹. Annual production is estimated at 24 kt copper and 16 koz gold¹.

A definitive feasibility study (DFS) is currently underway and focuses on further refining the mine plan and construction costs, and completing basic engineering.

2018 highlights

- / We progressed the DFS work.
- / Early site works began after we received key provisional licences.
- / Resource delineation drilling began.
- / A water tank was installed to provide 20 farming families on nearby land with access to fresh water.

Our focus for 2019 is to:

- / progress the DFS, including the mineral resource update, mining studies and basic plant engineering.

PEDRA BRANCA OVERVIEW

- / **Location:** Carajás province. Northern Brazil, in the state of Para, 100 km south of the Parauapebas and 30 km east of Canaã
- / **Project:** High grade copper–gold deposits
- / **Status:** DFS underway
- / **Proposed method:** Underground mine

Pantera

Pantera is a high-grade copper–gold exploration project covering approximately 100 square kilometres in the Carajás province. It is located about 110 km west of Pedra Branca and is close to infrastructure.

OZ Minerals has the option to acquire 100% ownership of the project from Vale for US\$20–\$35 million (total investment) over a 7–10 year period.

In 2018 an initial 5,000 m resource delineation drilling program yielded a maiden inferred mineral resource estimate of 20.8 Mt at 1.7% copper and 0.2 g/t gold².

Our focus for 2019 is to continue resource delineation drilling and complete a conceptual mine design study.

PANTERA OVERVIEW

- / **Location:** Carajás province, north-eastern Brazil
- / **Status:** High grade copper–gold exploration project
- / **Maiden inferred mineral resource estimate:** ~20.8 Mt at 1.7% copper and 0.2 g/t gold²



CentroGold

CentroGold is one of the largest undeveloped gold projects in Brazil. It is located in the Brazilian state of Maranhão, between the cities of Belém and São Luis, and is close to existing infrastructure, power and water. The project comprises 1,370 square kilometres of tenements and lies within the Gurupi Greenstone Gold Belt.

The project is currently in the pre-feasibility study (PFS) stage and hosts three deposits: Blanket, Contact and Chega Tudo.

The larger CentroGold area has exceptional exploration potential. Interpretation of a vast database of historical information, including drilling and numerous studies, suggest that there is significant potential for new discoveries.

2018 highlights

- / We continued resource delineation drilling into the Contact deposit.
- / We began the 'Hill of Value' optimisation exercise to identify the optimal project value and scale.
- / Avanco Resources completed a CentroGold scoping study that demonstrated potential for a high-grade, low capex project.

Our focus for 2019 is to:

- / continue the approvals process and engage local communities
- / complete the pre-feasibility study
- / decide whether or not to progress to feasibility study.

CENTROGOLD OVERVIEW

- / **Location:** Gurupi Province. Northern Brazil, in state of Maranhão, between Belém and São Luis
- / **Status:** Pre-feasibility study underway, scheduled for completion mid-2019
- / **Project:** High grade copper-gold exploration project
- / **Proposed method:** Open pit mine, carbon-in-leach processing plant³
- / **Estimated mine life:** 11 years³
- / **Estimated annual production:** ~129,900 ounces³

¹ This information is extracted from the announcement by Avanco Resources Limited titled *Positive pre-feasibility study for Pedra Branca*, released on 26 May 2017. OZ Minerals is not aware of any new information or data that materially affects the information included in the announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

² This information is extracted from the announcement by Avanco Resources Limited titled *Maiden Pantera MRE pushes Avanco's Carajás resource base beyond 1 Mt of contained copper*, released on 19 March 2018. OZ Minerals is not aware of any new information or data that materially affects the information included in the announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

³ This information is extracted from the announcement by Avanco Resources Limited titled *CentroGold – scoping study*, released on 10 April 2018. OZ Minerals is not aware of any new information or data that materially affects the information included in the announcement. OZ Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

Exploration and growth

OZ Minerals' dynamic pipeline of growth projects progressed and expanded during 2018.

Three new earn-in agreements were signed: East Musgrave with Woomera Exploration Limited; Lannavaara with Mineral Prospektering i Sverige AB; and Paraiso with Inversiones Mineras La Chalina S.A.C. The acquisition of Avanco Resources Limited provided OZ Minerals with the second largest exploration portfolio in Brazil and an active earn-in agreement with Vale S.A. on the Pantera project (see Brazil, p. 16 for details).

OZ Minerals withdrew from the Alvito earn-in agreement in Portugal following drill testing of eight target areas. Drilling confirmed the presence of an IOCG system but no significant intersections were returned.

The Mount Woods earn-in agreement with Minotaur Resources on exploration licences surrounding the Prominent Hill mining lease concluded by mutual agreement, following a second round of electromagnetic surveying and testing of geophysical and structural targets. No significant intersections of targeted iron-sulphide-copper-gold mineralisation were returned during the program's second year. The team is continuing to review previous work in the Prominent Hill area and investigate new exploration techniques.

Ongoing partnerships with Amazon Web Services are modernising the way OZ Minerals manages and maintains exploration data. In 2018 data was migrated to platforms with expanded data storage, access and analytical capabilities. In 2019, the partnership will begin developing analytical algorithms and processes which will help us to interpret multidisciplinary data sets and streamline exploration and decision-making processes.

OZ Minerals, in collaboration with Unearthed Solutions, announced the Explorer Challenge – a unique and innovative approach to advancing exploration on the tenements surrounding Prominent Hill. The crowd-sourcing challenge invites competitors to find new and innovative techniques and models that target base metal mineralisation in the prospective Gawler Craton. As part of the initiative, OZ Minerals will release its database amassed from over 20 years of exploration to the public for analysis, data manipulation, and target generation. Data scientists and geoscientists alike are invited to compete for a one million dollar prize pool. The competition was announced in December 2018 and will run from February to May 2019.

Exploration portfolio

Coompana with Mithril Resources consists of seven exploration licences in South Australia's far western Coompana province. OZ Minerals is working with the Far West Coast Aboriginal Corporation on a Native Title Mining Agreement for exploration. In 2017, the South Australian Department of State Development in collaboration with PACE Copper conducted a significant number of airborne and ground geophysical surveys in the area. A scientific drill program was sponsored by Geological Survey of South Australia in conjunction with Geoscience Australia and the results have been released publicly for review.

Punt Hill with Red Metal Ltd is targeting IOCG mineralisation in the area adjacent to Carrapateena. Previous work on Punt Hill uncovered many examples of IOCG mineralisation and one of the new prospects shows a number of geophysical similarities to Carrapateena deposits. The team initially focused on obtaining local level agreements with traditional owners and landowners. A 6,000 metre drilling program that focused on priority targets was completed with results expected in Quarter 1 2019¹.

Exploration Alliance with Red Metal Ltd was completed in early 2019. The Exploration Alliance with Red Metal allows OZ Minerals to jointly explore chosen projects from the Red Metal portfolio of base metal and gold/silver prospective projects. Preliminary plans have been made for 2019 and 2020 which include geophysical and/or drill coverage activity (depending on target maturity) in six areas in Queensland and Western Australia.

Eloise with Minotaur Exploration is targeting Eloise-style massive sulphides in the highly prospective eastern succession of the Mount Isa block, 60 km south-east of Cloncurry, Queensland.

Off the back of positive drilling results in 2017 at the Jericho prospect, we acquired a 51% interest in the Project and have the option to earn up to 70% with an additional \$5 million spend.

A total of 38 drill holes have now been completed on the Jericho prospect and they continue to intersect mineralisation along the entirety of the Jericho trend. The mineralised structure remains open along strike and at depth.

A number of regional targets with similar geophysical characteristics to Jericho were tested in the second half of 2018 and all intersected anomalous copper and gold. However, our focus remains on Jericho in the immediate forward plan. Internal modelling and evaluation of the project has commenced and an infill drilling program is currently being planned in order to build confidence in the upper 300 metres of the J1 and J2 mineralised structures.



Paraiso with private Peruvian company, Inversiones Mineras La Chalina S.A.C., is exploring for IOCG deposits in the Arequipa district of southern coastal Peru.

The initial work program is planned to include geological mapping, rock chip and soil sampling, ground geophysics and an airborne magnetic survey.

OZ Minerals has committed to spending US\$0.5 million on exploration in the first 12 months, after which it can elect to proceed with the project. If we elect to progress, we can earn 100% of the project by spending US\$11.5 million over five years.

Lannavaara with Mineral Prospektering i Sverige is targeting IOCG mineralisation in the Norbotten district of northern Sweden.

Multi-method geophysics surveys began in Quarter 4, including ground-based electromagnetic, gravity and magnetic data acquisition. These surveys confirmed the presence of anomalies identified in pre-competitive data and further refined the position of potential drill targets. A gridded, base-of-till drilling program was conducted during Quarter 4 to collect geochemical samples of the bedrock beneath periglacial and transported cover. A second phase of geochemical sampling and geophysics surveys will be conducted during the winter so as not to interfere with local reindeer herding and to minimise the overall environmental impact.

Drill testing is expected to commence in the first half of the year.

OZ Minerals can earn up to 75% of the project by spending US\$10.0 million over five and half years and has the right to purchase a further 25% equity.

Oaxaca with Acapulco Gold Corp is focused on base metal projects in Oaxaca, South Mexico and is targeting the Riqueza Marina, Zaachila and Zapotitlán sites. The sites have potential for volcanic-hosted massive sulphide deposits.

Field work at Riqueza Marina led to the discovery of more surface copper, zinc, gold, and silver mineralisation, approximately 1.2 km east of previously reported gossanous sub-crop. Ground magnetic and gravity surveys were subsequently completed at Riqueza Marina. These identified a coincident gravity and magnetic anomaly beneath alluvial cover and adjacent to outcropping gossanous rocks, and another gravity high over the area containing surface base metal mineralisation. The geophysics will help to inform a 2019 drill program.

Mapping and geochemical sampling undertaken at Zaachila outlined a copper-oxide mineralisation at the surface over a strike length of approximately two kilometres along a key geological contact. Gravity and ground magnetic surveys covering this zone commenced in Quarter 4.

We have secured community access agreements and environmental permits for Riqueza Marina and drill permitting documents were submitted in November.

⁽¹⁾ Refer to Red Metal Ltd ASX announcement *Drilling underway at Punt Hill & Pernatty Lagoon copper-gold projects* released on 10 September 2018, and available at redmetal.com.au/investors/asx-announcements-mainmenu-96.html



Governance

OZ Minerals provides strong governance to enable lean business processes, clear accountability and room for innovation. This is fundamental to our business strategy.

OZ Minerals' management structure

Our management structure, Governance and Risk Policy, and supporting standards provide clear guidelines and reporting structures to ensure our activities reinforce the corporate strategy and are conducted in a financially, environmentally and socially responsible way.

OZ Minerals' Board is committed to adopting the recommended corporate governance practices set out in the ASX Corporate Governance Council Principles and Recommendations.

The Board is responsible for overseeing the management of the Company. The Board has adopted a Board Charter that sets out its roles and responsibilities, which includes setting the Company's goals and objectives, reviewing and monitoring the Company's material risks and its system of internal compliance and controls, setting an appropriate corporate governance framework, and determining broad policy issues for the Company. The Board also ensures that specific powers and responsibilities have been delegated to the Company's Executive Committee and that the overall strategy is aimed at delivering value for shareholders.

The Board currently comprises six directors, one executive director and five non-executive directors. The executive director is Managing Director and Chief Executive Officer, Andrew Cole. The Board has a unitary structure. All non-executive directors, including the Chairman, are independent. The proportion of women on the Board is 33 per cent¹.

Three standing committees help the Board with the effective discharge of its responsibilities.

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

management, including hedging and the internal and external audit functions, and oversight of the internal control and risk management system's effectiveness.

People & Remuneration Committee – assists the Board in discharging its responsibilities relating to the remuneration of directors, executives and employees, succession planning, and the Diversity and Inclusion Policy's establishment and monitoring.

Sustainability Committee – assists the Board in the effective discharge of its responsibilities in relation to safety, health, environment and community (SHE&C) issues for the OZ Minerals Group. This includes managing the risks relating to SHE&C issues by meeting the Company's requirements for internal notification, investigation, reporting and continuous improvement, and overseeing the public reporting and disclosure processes insofar as they relate to SHE&C risks.

OZ Minerals' management team

Management is responsible for implementing management systems across the business and monitoring the application and effectiveness of these systems through internal and external audits. Training and competency are part of the continuous improvement process and are detailed in the Performance Standards.

OZ Minerals has a devolved operating model ensuring its assets are autonomous and accountable, with the corporate centre focused on strategy, customers and owners, assurance and growth. With the acquisition of international assets and the focus on innovation, transformation and developing our people, a review of the devolved model in 2018 resulted in some changes to the construct of the Executive Committee.

¹ On 4 May 2018, OZ Minerals announced that Julie Beebey resigned from the Board. On 17 July 2018, OZ Minerals announced other changes to the Board, including:

/ Peter Tomsett resigned as a non-executive director effective 1 August 2018;

/ Charlie Sartain joined the Board as a non-executive director on 1 August 2018, succeeding Peter Tomsett as Chairman of the Sustainability Committee; and

/ Marcelo Bastos joined the Board as a non-executive director on 1 September 2018.

Further information can be found in the Company's announcements entitled 'Non-Executive Director resignation' and 'Two experienced miners to join OZ Minerals' Board' released to the ASX on 4 May 2018 and 17 July 2018 respectively, which are available at ozminerals.com/media/asx/

Management structure²

OZ Minerals Ltd Board of Directors

<p>Rebecca McGrath Chairman and Independent Non-executive Director</p>	<p>Andrew Cole Managing Director and Chief Executive Officer</p>	<p>Charlie Sartain Independent Non-executive Director</p>
<p>Marcelo Bastos Independent Non-executive Director</p>	<p>Peter Wasow Independent Non-executive Director</p>	<p>Tonianne Dwyer Independent Non-executive Director</p>

Board Committees

<p>Audit Committee</p>	<p>People & Remuneration Committee</p>	<p>Sustainability Committee</p>
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OZ Minerals Ltd management team

<p>Andrew Cole Managing Director and Chief Executive Officer</p>	<p>Warrick Ranson Chief Financial Officer</p>	<p>Mark Irwin Chief Commercial Officer</p>	<p>Kerrina Chadwick Chief Corporate Affairs Officer</p>	<p>Fiona Blakely Chief People Officer³</p>
<p>Tania Davey Chief Transformation Officer⁴ and acting Chief People Officer⁵</p>	<p>Myles Johnston General Manager Carrapateena Operations</p>	<p>Gabrielle Iwanow General Manager Prominent Hill⁶</p>	<p>Carlos Gonzalez Chief Executive Brazil⁷</p>	

Asset managers and line managers

Employees

² As at 14 February 2019.

³ Fiona Blakely commenced as Chief People Officer on 11 February 2019.

⁴ Tania Davey commenced as Chief Transformation Officer on 1 January 2019.

⁵ Mark Rankmore was appointed to manage the integration of Avanco Resources in Brazil on 18 April 2018 and Tania Davey acted as Head of People & Performance until the appointment of the Chief People Officer.

⁶ Gabrielle Iwanow commenced as General Manager Prominent Hill on 1 January 2019.

⁷ Carlos Gonzalez commenced as Chief Executive Brazil on 21 January 2019.

SUPPORTING DOCUMENTS

- / Corporate Governance Statement
- / OZ Minerals policies, and supporting performance and process standards
- / Board and Committee Charters
- / Company Constitution
- / Code of Conduct
- / ozminerals.com/about/corporate-governance/

Governance framework

Company Constitution / Code of Conduct / Board Charter

Audit Committee Charter

People & Remuneration Committee Charter

Sustainability Committee Charter

Policies and procedures

Governance and Risk Policy

To ensure ethical, fit-for-purpose business processes are used to meet the highest corporate governance standards and identify opportunities and threats using robust processes across OZ Minerals.

Market Dividend Policy

To ensure fair trading in the securities of OZ Minerals and to outline the principles to be considered for the payment of a dividend by OZ Minerals in accordance with the ASX listing rules and Corporations Act.

Finance and Accounting Policy

To ensure OZ Minerals complies with all financial and accounting regulatory obligations with a view to being a leader in fiscal discipline, reporting, disclosure and transparency.

Securities Trading Procedure

To set out the processes of OZ Minerals for employees (full time, part time and casual), directors, consultants and contractors of OZ Minerals trading in securities of the Company.

Health and Safety Policy

To strive to be an injury and occupational disease-free workplace whilst achieving operational excellence.

Diversity and Inclusion Policy

To foster a culture that values individual differences which are leveraged to deliver optimal outcomes for OZ Minerals.

Environment and Community Policy

To ensure OZ Minerals delivers sound environmental outcomes whilst supporting the creation of shared value for the communities in which we operate.

Continuous Disclosure Procedure

To ensure timely and accurate information is provided equally to all shareholders and market participants, consistent with the OZ Minerals' commitment to its continuous disclosure obligations.

Exploration and Resource Development Policy

To underpin the growth of OZ Minerals by identifying, securing and delivering additional mineral opportunities outside our current portfolio.

Operations and Asset Management Policy

To ensure the safe and effective delivery of world-class operations through sound application of consistent performance.

Ethics and Human Rights Policy

To help protect the human rights of our stakeholders and to prevent human rights breaches from occurring at OZ Minerals' assets.

Anti-bribery and Corruption Procedure

To ensure directors, officers and employees understand, observe and comply with anti-bribery and anti-corruption laws and regulations, and a set of How We Work Together principles.

Performance standards

Environment

Safety

Social

Health and Wellbeing

Process standards (including Enterprise Risk Management)

Planning

Compliance

Financial

People

Reference documents

Asset documents

Governance Framework

The governance framework at OZ Minerals has been designed to enable lean business processes that drive clear accountabilities and create room for innovation.

We focus on what matters, and set processes that create value, embrace the global devolved business model and provide clarity for new assets, partners, suppliers and employees coming into OZ Minerals.

Our values and behaviours drive transparency and fair dealing, and propagate a culture of performance and devolved accountability – this allows us to deliver on our Company strategy. OZ Minerals' Code of Conduct applies standards for appropriate ethical and professional behaviour and guides OZ Minerals' employees, directors, contractors and partners.

The Code of Conduct provides clear guidelines as to our expectations in regards to a number of specific issues, such as conflict of interest, gifts, entertainment and gratuities, anti-bribery, fraud and corruption, equal opportunity and whistleblowing.

OZ Minerals' nine Company policies work synergistically to provide a clear representation of our intent while providing a platform for multiple assets to work together under a global devolved model. Policy documents, our Securities Trading Procedure and our Continuous Disclosure Procedure are publicly available and are used to clearly articulate what we strive for to all stakeholders, partners and communities.

Underpinning the policies are performance standards that are grouped into four key areas. These are safety, environment, health and wellbeing, and social. They define the minimum required performance to manage sustainability opportunities and threats.

These standards will be used to audit asset performance and set the standards for any new assets to achieve. They are provided to contractors and partners to outline what we expect when they work at an OZ Minerals asset. These documents are structured so that each asset, contractor or partner can use or develop their own business standards and processes to meet our standards, in keeping with our lean, global devolved business model.

OZ Minerals is revising its business process standards so that they describe, in the simplest possible way, processes or the management activities that occur across the business in a repeatable manner. They are the activities that we undertake that are unique to OZ Minerals, and they will be used by OZ Minerals' employees, contractors and assets. They define the inputs and outputs required, the processes people must follow and the delegations that they can work within.

All corporate and further-developed asset documents comply with the laws and regulations of the jurisdiction in which each asset operates.

Internal and external audits

OZ Minerals conducts regular audits to systematically and objectively verify that it conforms to performance management standards and legal requirements, and in order to recommend ways to improve safety, health and wellbeing along with environmental and social performance. Further audits are undertaken commensurate with the risk profile.





DIRECTORS' REPORT

Directors' report

The directors present their report for the Consolidated Entity (OZ Minerals) for the financial year ending 31 December 2018 ('the year') together with the Consolidated Financial Statements for the year. OZ Minerals Limited (OZ Minerals Limited or the 'Company') is a company limited by shares that is incorporated and domiciled in Australia.

Principal activities

The principal activities of the Consolidated Entity during the year were the mining and processing of ore containing copper, gold and silver; sales of concentrate; exploration activities; and the development of mining projects. More information on OZ Minerals principal activities can be found on pages 6–19 and within the Financial Review (page 33).

Significant changes in state of affairs

The Consolidated Entity acquired Avanco Resources Limited and its wholly-owned subsidiaries during the year. There have been no other significant changes in the state of affairs reported since prior years (as discussed on pages 6–19).

Dividends

Since the end of the financial year, the Board of Directors has resolved to pay a fully-franked dividend of 15 cents per share. This will be paid on 26 March 2019 and the date of record for entitlement to this dividend will be 12 March 2019. The financial impact of the dividend, amounting to \$48.4 million, has not been recognised in the Consolidated Financial Statements for the financial year ending 31 December 2018 and will be recognised in subsequent Consolidated Financial Statements.

Dividends announced or paid since 1 January 2017

Record date	Date of payment	Fully franked cents per share	Total dividends \$m
12 March 2019	26 March 2019	15	48.4
3 September 2018	17 September 2018	8	25.8
12 March 2018	26 March 2018	14	41.8
7 September 2017	21 September 2017	6	17.9
10 March 2017	24 March 2017	14	41.8

Directors and officers

OZ Minerals' directors and officers for the financial year ending 31 December 2018 and up to the date of this report are included in the table below:

Position	Experience and expertise	OZ Minerals special responsibilities during 2018	Other directorships at currently listed entities	Previous directorships at listed entities (within the last three years)
Current directors				
Rebecca McGrath <i>Independent</i> <i>Non-executive Chairman</i> <i>Appointed as a Non-executive Director on 9 November 2010 and Chairman on 24 May 2017</i> <i>BTP (Hons), MA (App.Sci)</i> <i>FAICD</i>	Ms McGrath is an internationally experienced business leader, director and chairman. Ms McGrath's executive career included 23 years with BP Plc. She held a range of senior executive and group executive roles in Australia, Europe and U.K, including Chief Financial Officer, Chief Operating Officer and Executive Management Board member Australia and New Zealand. Ms McGrath is currently a Non-executive Director of Investa Commercial Property Fund Holdings and Investa Wholesale Funds Management Ltd. Ms McGrath is a member of the Victorian Council of the Australian Institute of Company Directors.	Chairman of the Board Member of People & Remuneration Committee Member of the Audit Committee from 4 May 2018 to 1 August 2018 Member of the Sustainability Committee from 4 May 2018	Non-executive Director of Incitec Pivot Limited since September 2011 Non-executive Director of Goodman Group since April 2012	Non-executive Director of CSR Limited from February 2012 to October 2016

Position	Experience and expertise	OZ Minerals special responsibilities during 2018	Other directorships at currently listed entities	Previous directorships at listed entities (within the last three years)
<p>Andrew Cole</p> <p><i>Managing Director and Chief Executive Officer</i></p> <p><i>Appointed on 3 December 2014</i></p> <p><i>BAppSc (Hons) in Geophysics MAICD</i></p>	<p>Mr Cole has over 26 years' experience in exploration and operations in the resources industry. Following exploration geoscientist roles in Australia, Canada, USA and Mexico with Rio Tinto Exploration (CRA and Kennecott), Mr Cole spent 10 years in mine development and mine operations with Rio Tinto in Australia, China, Canada and the United Kingdom.</p> <p>During his career at Rio Tinto, Mr Cole held various senior and leadership positions, including General Manager Operations of the Clermont Region Operations, including the Blair Athol Mine and Clermont Mine, Chief Executive Officer of Chinalco Rio Tinto Exploration and Chief Operating Officer of Rio Tinto Iron and Titanium.</p> <p>Mr Cole is a Councillor of SACOME (South Australian Chamber of Mines and Energy).</p>	<p>Managing Director and Chief Executive Officer</p>	<p>None</p>	<p>Non-executive Chairman of Avanco Resources Limited from 13 June 2018 to 11 July 2018</p>
<p>Marcelo Bastos</p> <p><i>Independent Non-executive Director</i></p> <p><i>Appointed on 1 September 2018</i></p> <p><i>BEng (Hons), MBA, MAICD</i></p>	<p>Mr Bastos has over 30 years international mining experience in copper, gold, iron ore, nickel, coal and other mineral sectors. He served on the executive committee of MMG Limited for six years as Chief Operating Officer. Prior to MMG Mr Bastos held several senior executive positions with BHP Billiton including Chief Executive of the BHP Billiton Mitsubishi Alliance; President of Cerro Matoso Nickel and BHP Billiton in Colombia; and President of Nickel West in Australia. He worked for Vale for 19 years in iron ore, gold and copper, progressing to Director of Copper. His roles at Vale also included General Manager of the largest company complex, Carajas, in Para state.</p> <p>Mr Bastos is also Global Board Independent Director of major consulting engineering company, Golder Associates.</p> <p>Mr Bastos was a member of the Western Australia Chamber of Mines and Energy and was Vice President of the Queensland Resources Council.</p>	<p>Member of Sustainability Committee</p>	<p>Non-executive Director of Iluka Resources Limited since February 2014</p> <p>Non-executive Director of Aurizon Holdings since November 2017</p>	<p>None</p>
<p>Tonianne Dwyer</p> <p><i>Independent Non-executive Director</i></p> <p><i>Appointed on 22 March 2017</i></p> <p><i>BLuris (Hons), LLB (Hons)</i></p>	<p>Ms Dwyer is an independent non-executive public company director. Ms Dwyer spent over 20 years in investment banking and real estate fund management and was a Director of Investment Banking at Societe Generale/Hambros Bank advising on mergers and acquisitions, restructuring and refinancing. Ms Dwyer was Head of Fund Management at the LSE listed property company, Quintain Estates and Development plc and was later appointed to the Board as an Executive Director. Ms Dwyer is a graduate member of Australian Institute of Company Directors and a member of Chief Executive Women and Women Corporate Directors.</p>	<p>Chairman of the People & Remuneration Committee</p> <p>Member of the Audit Committee</p>	<p>Non-executive Director of DEXUS Property Group since August 2011</p> <p>Non-executive Director of ALS Limited since July 2016</p> <p>Non-executive Director of Metcash Limited since June 2014</p>	<p>Non-executive Director of Cardno Limited from 2012 to 2016</p>
<p>Charlie Sartain</p> <p><i>Independent Non-executive Director</i></p> <p><i>Appointed on 1 August 2018</i></p> <p><i>BEng (Hons), Fellow (Australasian Institute of Mining and Metallurgy), Fellow (The Academy of Technological Sciences and Engineering)</i></p>	<p>Mr Sartain has more than 30 years' international mining experience. He was Chief Executive Officer of Xstrata's global copper business for nine years from 2004. Prior to that, he held senior executive positions in Latin America and Australia including General Manager and President of Minera Alumbraer Ltd in Argentina, General Manager of Ernest Henry copper/gold mine and General Manager of Ravenswood Gold Mines in Queensland.</p> <p>Mr Sartain is Chairman of the Advisory Board of the Sustainable Minerals Institute at the University of Queensland and a Board Member of Wesley Medical Research.</p> <p>Mr Sartain was also the Chairman of the International Copper Association, a member of the Department of Foreign Affairs and Trade's Council on Australian Latin American Relations, a member of the Senate of the University of Queensland and a Local Councillor of the Dalrymple Shire Council in Queensland.</p>	<p>Chairman of the Sustainability Committee</p> <p>Member of the Audit Committee</p>	<p>Non-executive Director of ALS Limited since February 2015</p> <p>Non-executive Director of Goldcorp Inc since January 2017</p>	<p>Non-Executive Director of Austin Engineering Limited from April 2015 to April 2018</p>

Position	Experience and expertise	OZ Minerals special responsibilities during 2018	Other directorships at currently listed entities	Previous directorships at listed entities (within the last three years)
<p>Peter Wasow</p> <p><i>Independent Non-executive Director</i></p> <p><i>Appointed on 1 November 2017</i></p> <p><i>B. Comm, GradDip (Management), Fellow (CPA Australia)</i></p>	<p>Mr Wasow has extensive experience in the resources sector as both a senior executive and director. He formerly held the position of CEO & Managing director of Alumina Limited, an ASX 100 company, and before that Executive Vice President and Chief Financial Officer, Santos Limited and in a 20 year plus career at BHP he held senior positions including Vice President, Finance and other senior roles in Petroleum, Services, Corporate, Steel and Minerals.</p> <p>Mr Wasow is currently the senior independent Director of the privately held GHD Group and a Non-executive Director of APA Group. He was also Non-Executive Director of Alcoa of Australia Limited, AWA Brazil Limitada, AWAC LLC and Non-Executive Director of ASX-listed Alumina from 2011 to 2013 and executive director from 2014 to 2017.</p> <p>Mr Wasow has also been a member of the Business Council of Australia, and director of the International Aluminium Institute and APPEA.</p>	<p>Chairman of the Audit Committee</p> <p>Member of the People & Remuneration Committee from 1 August 2018</p> <p>Member of the Sustainability Committee until 1 August 2018</p>	<p>Non-executive Director of APA Group since March 2018</p>	<p>Managing Director and Chief Executive Officer of Alumina Limited from January 2014 to May 2017</p>

Position	OZ Minerals special responsibilities during 2018
Former directors	
<p>Julie Beeby</p> <p><i>Independent Non-executive Director</i></p> <p><i>Appointed on 19 April 2016</i></p> <p><i>BSc (Hons I), PhD (Physical-Chemistry), MBA, FAICD, FTSE</i></p> <p><i>Resigned as a Non-executive Director on 4 May 2018</i></p>	<p>Member of the Sustainability Committee</p> <p>Member of the Audit Committee</p>
<p>Charles Lenegan</p> <p><i>Independent Non-executive Director</i></p> <p><i>Appointed on 9 February 2010</i></p> <p><i>BSc (Econ)</i></p> <p><i>Retired as a Non-executive Director and Chairman on 24 April 2018</i></p>	<p>Chairman of the Audit Committee</p> <p>Member of Sustainability Committee</p>
<p>Peter Tomsett</p> <p><i>Independent Non-executive Director</i></p> <p><i>Appointed on 22 March 2017</i></p> <p><i>BEng (Hons I), MSc</i></p> <p><i>Resigned as a Non-executive Director on 1 August 2018</i></p>	<p>Chairman of the Sustainability Committee</p> <p>Member of the People & Remuneration Committee</p>

Position	OZ Minerals special responsibilities during 2018
Officers	
<p>Michelle Pole</p> <p><i>Company Secretary</i></p> <p><i>Appointed on 13 December 2017</i></p> <p><i>LLB, GDLP</i></p>	<p>Ms Pole also holds office of OZ Minerals' Senior Legal Counsel. Ms Pole has spent most of her career in a leading national law firm before moving in-house to the mineral resources sector. Ms Pole has particular experience in commercial transactions, corporate advisory and compliance with the ASX, ASIC and other regulatory bodies. As well as being a Certificated Member of the Governance Institute, Ms Pole holds a Bachelor of Laws from The University of Adelaide and a Graduate Diploma in Legal Practice.</p>

Meeting attendance

Attendance at OZ Minerals Limited Board and committee meetings (1 January 2018 to 31 December 2018)

	Board meetings		Board committee meetings					
	A	B	Audit		People & Remuneration		Sustainability	
			A	B	A	B	A	B
Current directors								
Rebecca McGrath ^(a)	19	19	1	1	8	8	3	3
Andrew Cole	19	19	–	–	–	–	–	–
Marcelo Bastos ^(b)	5	6	–	–	–	–	1	1
Tonianne Dwyer	18	19	6	6	8	8	–	–
Charlie Sartain ^(c)	6	7	3	3	–	–	2	2
Peter Wasow ^(d)	17	19	6	6	6	6	2	2
Former directors								
Julie Beeby ^(e)	9	9	2	2	–	–	1	1
Charles Lenegan ^(f)	8	9	2	2	–	–	1	1
Peter Tomsett ^(g)	12	12	–	–	2	2	2	2

Note: MD&CEO and Non-executive Directors who are not Board Committee members also participated in scheduled Board Committee meetings throughout the year.

A = the number of meetings attended during the time the director held office.

B = the number of meetings held during the time the director held office.

^(a) Member of the Audit Committee from 4 May 2018 to 1 August 2018. Member of the Sustainability Committee from 4 May 2018.

^(b) Appointed as Non-executive Director on 1 September 2018.

^(c) Appointed as Non-executive Director on 1 August 2018.

^(d) Member of the Sustainability Committee until 1 August 2018. Member of the People & Remuneration Committee from 1 August 2018.

^(e) Ceased as a Non-executive Director on 4 May 2018.

^(f) Ceased as a Non-executive Director on 24 April 2018.

^(g) Ceased as a Non-executive Director on 1 August 2018.

Directors' interests

Directors' interests in the ordinary shares of OZ Minerals Limited

Director	Shares number
Rebecca McGrath	37,935
Andrew Cole	164,344
Marcelo Bastos	Nil
Tonianne Dwyer	10,000
Charlie Sartain	70,000
Peter Wasow	8,000
Total	290,279

Environmental regulation

OZ Minerals and its activities in Australia and overseas are subject to environmental regulations. OZ Minerals' Prominent Hill operations, Carrapateena project, Australian exploration activities and concentrate shipping activities operate under various licences and permits under Commonwealth, state and territory laws, in addition to the licensing and permit arrangements which apply to its overseas activities. OZ Minerals' Antas operations are also subject to environmental regulations under legislation in Brazil.

OZ Minerals regularly monitors its compliance with licenses and permits in various ways, including through its own environmental audits as well as those conducted by regulatory authorities and other third parties. OZ Minerals uses a documented process to classify and report any exceedance of a licence or permit condition as well as any incident reportable to the relevant authorities. All instances of reportable environmental non-compliance and significant incidents are reviewed by the Executive Committee and the Sustainability Committee of the OZ Minerals Board of Directors as a part of this process. A formal report is also prepared to identify the factors that contributed to the incident or non-compliance and the actions taken to prevent any reoccurrence.

During the year, OZ Minerals submitted the energy and emissions report to the Clean Energy Regulator in accordance with the National Greenhouse and Energy Report Act 2007 (NGER Act). A limited assurance engagement of OZ Minerals' energy and emissions report was conducted by an independent auditor over the emissions, energy production and energy consumption report prepared in accordance with the NGER Act.

Insurance and indemnity

During the financial year, OZ Minerals Limited paid premiums with respect to a contract insuring its directors, officers and related bodies corporate against certain liabilities incurred while acting in that capacity. The insurance contract prohibits disclosure of the liability's nature and the amount of the insurance premium.

The Company's constitution also allows OZ Minerals to provide an indemnity, to the extent permitted by law, to officers of the Company or its related bodies corporate in relation to liability incurred by an officer when acting in that capacity on behalf of the Company or a related body corporate.

The Consolidated Entity has granted indemnities under deeds of indemnity with current and former Executive and Non-executive Directors, former officers, the former General Counsel-Special Projects, the former Group Treasurer and each employee who was a director or officer of a controlled entity of the Consolidated Entity, or an associate of the Consolidated Entity, to conform 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, its related bodies corporate and any associated entity, where such an office is or was 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 auditor 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 in respect of or 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 lead auditor's independence declaration is set out on page 98 as required under section 307C of the Corporations Act 2001 and this forms part of the Directors' Report.

OZ Minerals Limited, with the 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.

Amounts paid or payable to the external auditor (KPMG) and its network firms for audit and non-audit services

	2018 \$
Audit services provided by KPMG Australia	
Audit and review of financial reports and other audit work under the Corporations Act 2001, including audit of subsidiary financial statements	
KPMG Australia	545,000
Overseas KPMG firms	24,900
Total fee for audit services provided by KPMG	569,900
Other assurance services provided by KPMG (NGER Act)	50,000
Total audit and assurance fee	619,900
Tax compliance and other tax advisory services	202,000
Other services provided by KPMG	101,600
Total non-audit fee	303,600
Total fees	923,500

The Audit Committee has, following the passing of a resolution by the Committee, provided the Board with advice in relation to KPMG providing non-audit services.

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 non-audit services provided by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 because:

- / all non-audit services were reviewed by the Audit Committee to ensure they did not impact the integrity and objectivity of the external auditor
- / none of the services undermined the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants. These include 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 a fully-franked dividend of 15 cents per share on 26 March 2019. The record date for entitlement to this dividend is 12 March 2019. The financial impact of the dividend amounting to \$48.4 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2018 and will be recognised in subsequent Consolidated Financial Statements.

There have been no other events subsequent to the reporting date which have significantly affected or may significantly affect OZ Minerals' operations, state of affairs or results in future years.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in financial directors' reports). Amounts in the financial statements and Directors' Report have been rounded in accordance with the instrument to the nearest million dollars to one decimal place, or in certain cases, to the nearest dollar. All amounts are in Australian dollars unless otherwise stated.

Operating and financial review

Our operations are reviewed on pages 6–19 and the Financial Review (page 33) forms part of the Directors' Report.

Remuneration report

The Remuneration Report which has been audited by KPMG is set out on pages 45, and forms part of the Directors' Report.

Corporate governance statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and has practices in place to ensure they meet the interests of shareholders.

The Company complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (the ASX Principles). OZ Minerals' Corporate Governance Statement, which summarises the Company's corporate governance practices and incorporates the disclosures required by the ASX Principles, can be viewed at ozminerals.com/about/corporate-governance/corporate-governance-statement.

Signed in accordance with a resolution of the directors.



Rebecca McGrath
Chairman
Adelaide
27 February 2019

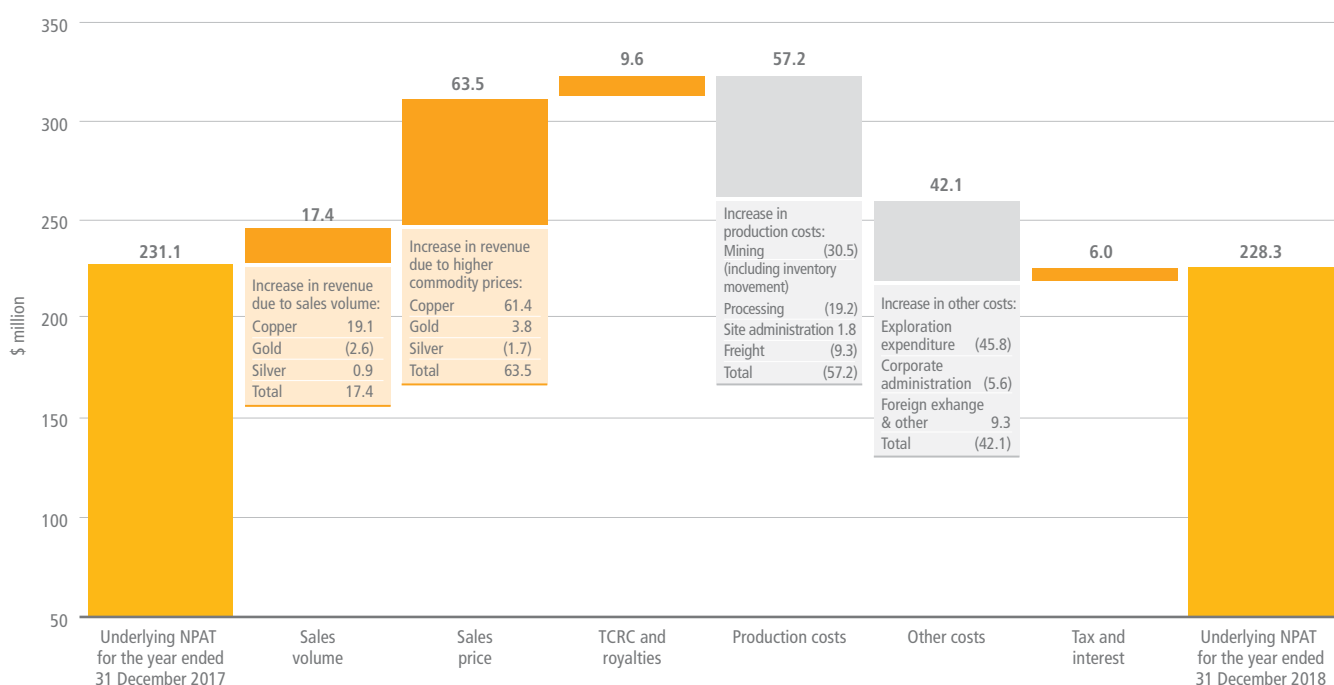


Andrew Cole
Managing Director and CEO
Adelaide
27 February 2019

Financial review

OZ Minerals' net profit after tax (NPAT) for the year was \$222.4 million, which was \$8.7 million (or 4%) lower compared to 2017. The underlying NPAT¹ for the year was \$228.3 million after adjusting for the acquisition costs associated with the Avanco transaction of \$5.9 million. Prominent Hill continued its consistent production performance and benefited from the high copper prices in the first half of 2018. During the year, the consolidated entity increased exploration and evaluation expenditure to progress its growth pipeline as well as evaluating expansion options at Prominent Hill and Carrapateena which also contributed to the result for the year. Earnings before interest, tax, depreciation and amortisation (EBITDA) margins remain robust at 48 per cent. OZ Minerals' cash balance of \$505.1 million, decreased by \$224.3 million compared to 2017 after capital investment at Carrapateena, the acquisition of Avanco Resources Limited (Avanco), expenditure on exploration activities, tax payments, and dividend payments to shareholders which was partly offset by increased operating cash flows.

Variance analysis – underlying net profit after tax (NPAT), 31 December 2018 compared to 31 December 2017



Revenue

2018 revenue was \$93.9 million higher when compared to 2017 with higher commodity prices, consistent production from Prominent Hill and revenue from Antas. The amount of contained copper sold (114,722 tonnes) was two per cent higher than in 2017 while gold sales of 131,929 ounces were comparable to 2017 sales.

In 2018, the average \$A copper price was eight per cent higher than in 2017, while the average \$A gold price was three per cent higher. Sales from Prominent Hill and Antas benefited from strong copper prices during the year, particularly during the first half of the year when the copper price was five per cent higher than in the second half.

Realisation costs

Treatment charges and refining costs (TCRC) were \$13.0 million lower as a result of improved trading terms and lower refining charges in the market.

Royalty expenses increased by \$3.4 million because of higher sales in this period compared to the previous period.

¹OZ 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 and Underlying NPAT. These measures are presented to enable understanding of the underlying performance of the Consolidated Entity. Non-IFRS measures have not been subject to audit. Underlying EBITDA and Underlying NPAT are included in Note one Operating Segments, which form part of the Consolidated Financial Statements. Refer Note one.

Production costs

Production costs in 2018 were \$57.2 million higher than the previous year, with the inclusion of Antas in the second half of the year, an increased proportion of underground ore and higher power costs at Prominent Hill.

Mining costs including inventory movement and net realisable value (NRV) adjustment were \$30.5 million higher than prior year. Mining costs incurred during the year were \$243.4 million lower in 2018 as open pit mining ceased in Quarter 1. Open pit ore stockpiled in previous periods began to be processed from Quarter 2 2018 following the closure of the Prominent Hill Open Pit. During the year \$83.7 million was recognised as an inventory cost in the Income Statement which also included \$25 million write up for NRV adjustment. During the year ending 31 December 2017 (comparative period) while ore inventory was stockpiled, mining costs of \$190.2 were capitalised in to inventory.

Processing costs increased by \$19.2 million due to the inclusion of Antas in the second half of 2018 and higher power prices at Prominent Hill, as previously anticipated.

Exploration and development expenditure

Exploration and evaluation expenditure of \$67.2 million was incurred during the year to progress the West Musgrave project, Carrapateena expansion study, Gurupi province, Carajas province and other exploration earn-in arrangements in the growth pipeline:

- / West Musgrave \$23.4 million
- / Carrapateena expansion \$11.4 million
- / Brazil exploration \$13.0 million
- / other exploration and development expenditure \$19.4 million.

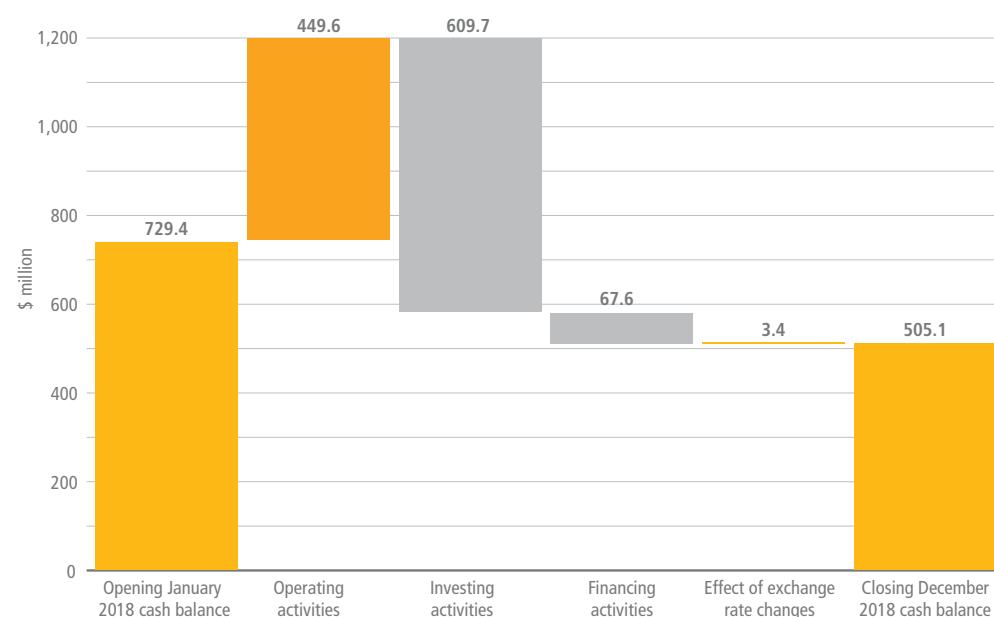
Other expenditure

Corporate general and administration costs of \$29.0 million are largely related to corporate activities. These were \$5.6 million higher than the comparative period as a result of the increased focus on exploration and development.

The income tax expense of \$90.5 million was \$7.8 million lower than the previous year as a result of the lower profit and the benefit of tax losses recognised during the year.

Acquisition costs associated with the Avanco transaction of \$5.9 million net of tax relating to due diligence, legal, transaction and consulting fees were recognised as a non-underlying expense during the year.

Cash balance and cash flow



Operating cash flows

Operating cash flows of \$449.6 million for the year were \$106.7 million higher than in 2017. This was principally due to the benefit of higher commodity prices in the first half of the year and the drawdown of stockpiled material at Prominent Hill, partially offset by tax payments and further investment in exploration activities. Customer receipts were \$203.8 million higher as a result of the sales and copper price realised during the year. Income tax payments of \$148.7 million were in relation to 2018 and finalisation of the 2017 tax liability.

Investing cash flows

Net investing cash flows of \$609.7 million represent payments for the Avanco acquisition; property, plant, equipment and mine development at Prominent Hill and Antas; development costs at Carrapateena; exploration costs of the West Musgrave project; and receipts from the sale of surplus mining equipment.

The payments incurred related to:

- / Capitalised Carrapateena project costs \$335.0 million
- / Prominent Hill mine development costs \$58.7 million
- / Sustaining capital expenditure \$12.5 million
- / Other capital expenditure \$20.2 million
- / Avanco shares acquisition \$222.4 million, partially offset by Avanco's cash balance of \$39.1 million acquired as at 30 June 2018.

Financing activities

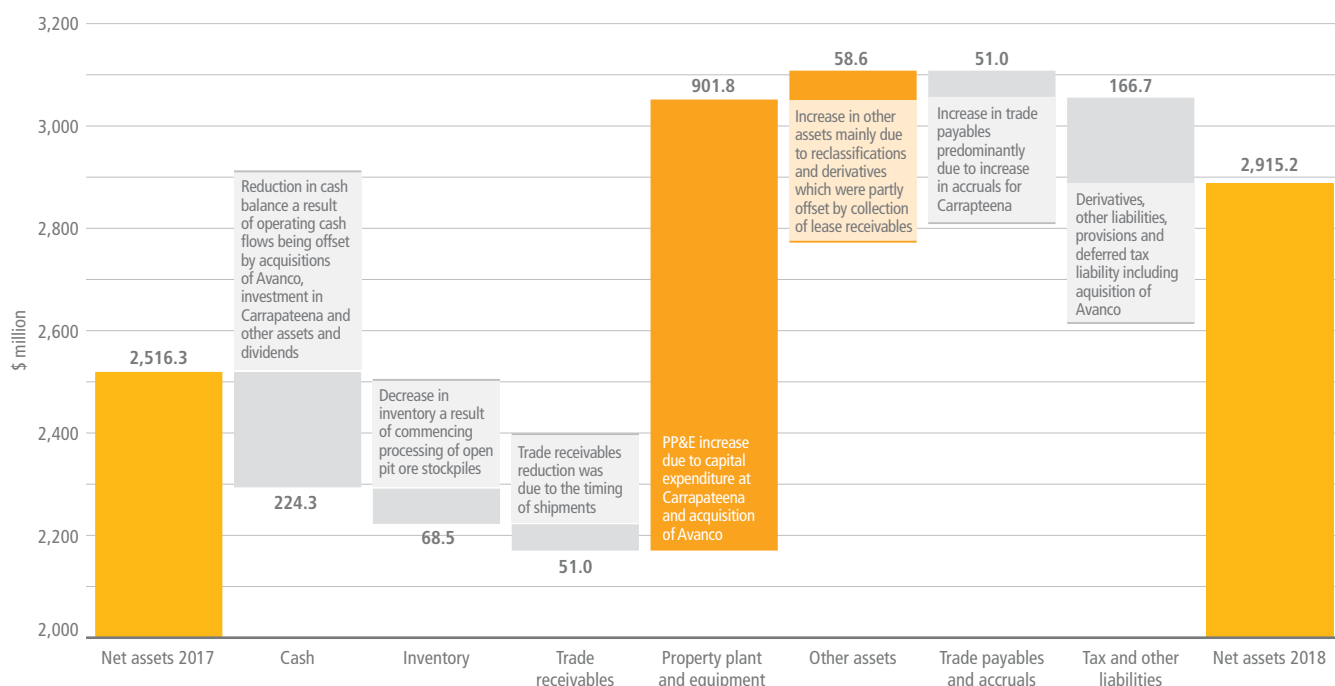
Cash outflows relating to financing activities comprised \$67.6 million in dividend payments to shareholders.

Since the end of the financial year, the Board of Directors has resolved to pay a final dividend amounting to \$48.4 million in respect of the 2018 financial year. This final dividend will be fully franked for Australian tax purposes.

Balance sheet

Total equity increased by \$398.9 million during the year to \$2,915.2 million. This was mainly due to equity issued for the acquisition of Avanco (\$245.0 million) and the current year profit (\$222.4 million), which was partially offset by \$67.6 million in dividends and a \$17.8 million (net of tax) decrease in the value of gold derivative contracts.

The movement in the net assets of the Company since 31 December 2017 is provided below.



The Company ended the year with a cash balance of \$505.1 million and undrawn debt facilities of \$100.0 million, with an uncommitted facility for \$300.0 million, providing the liquidity and flexibility for the Company to execute its growth strategy.

Inventories at 31 December 2018 were \$678.4 million, of which non-current ore stockpiles decreased by \$82.8 million as the Prominent Hill open pit stockpile processing commenced. A net realisable value write-back of \$25.0 million was applied to the low grade gold ore stockpiles (the estimated net realisable value is based on revenue expected to be derived from metal contained in the ore stockpiles, based on the processing operational plan, and after adjustment for incremental costs). As open pit ore stockpiles are consumed, the costs of mining open pit ore and the related capitalised depreciation (collectively comprising open pit ore inventory) will be amortised progressively and recognised in the income statement.

Trade receivables at the end of the year of \$70.9 million were \$51.0 million lower than the previous year due to the timing of shipments.

Property plant and equipment (PP&E) increased during the year mainly due to the acquisition of Avanco PP&E, including mineral rights of \$615.5 million, capitalised underground development costs of \$58.7 million; development capital expenditure at Carrapateena of \$335.0 million; and sustaining and other capital expenditure of \$40.9 million partially offset by depreciation of PP&E assets.

Studies on the Concentrate Treatment Plant (CTP) have concluded with a deep body of knowledge acquired and positive technical outcomes that provide optionality in the future. However, the Company has decided not to proceed with the CTP at this time. The capitalised costs relating to the CTP are classified within Other assets.

Risks

OZ Minerals' operating results, financial results and performance are subject to a wide range of risks and uncertainties (both opportunities and threats) that can be financial, political, operational and environmental. The Consolidated Entity manages and mitigates these risks, where appropriate, to minimise adverse impacts from threats and maximise beneficial outcomes from opportunities. OZ Minerals' simplified corporate governance structure and direct communication channels ensure timely responses to emerging risks. Our risk management framework emphasises risk aware decision-making to achieve enhanced business outcomes.

The Board has oversight responsibility and determines the overall risk appetite for the Consolidated Entity. OZ Minerals operates a risk management system with multiple lines of defence. Line managers, operational staff and corporate functions establish standards for managing risk and the Board and its committees review risk management processes and material risk profiles as a part of their oversight role. The Company has identified the risks and mitigating factors that have the potential to affect future operating and financial performance (provided in the table below). Developing preventative and mitigating controls for threats is intended to minimise the adverse impact on the Company's performance, but the Company's future operations and financial performance may be significantly impacted should any of these elements fail or be disrupted.

Risks and mitigating factors that could affect OZ Minerals' future operating and financial performance

Context	Risk	Mitigation/actions
Strategic risks		
One operating asset Operating only one material operating asset exposes the Consolidated Entity to concentration risks.	The Prominent Hill mine generates most of the Company's income and cash flow.	Prominent Hill now operates an integrated underground mine with multiple areas. Following the completion of the open pit, the de-risked ore stockpiles increase certainty to the operations. The Company has an active program which focuses on using trigger action response plans to maintain the ongoing stability of the open pit walls. The OZ Minerals maintenance and engineering team have developed robust procedures and practices to ensure they are operating the processing plant with minimal disruption and at high throughput levels. Progress the development of an additional significant operating project at Carrapateena. Prominent Hill concentrate is transported to Australian destinations using road and rail and it is shipped to overseas destinations from the port of Adelaide. Spillage risks (and environmental impact) are mitigated by using customised containers with lids and rotainers to load concentrate onto ships. Addition of the Antas operation in Brazil, which is an operating open pit mine, and ongoing optimisation to increase contribution through a review of the Antas open pit Mineral Resource and mine plan.
Climate change	Climate change can cause disruption to mine production, logistics and water supply as a result of extreme weather events. As regulatory agencies respond to climate change over the medium term, costs of inputs may rise and restrictions may be placed on how certain resources are provided, transported and used. This may adversely impact our assets. Climate change combined with regulatory changes also has the potential to be a catalyst for growth in industries that require copper and could result in upward pressure on copper prices.	OZ Minerals is committed to reducing the energy and water intensity of our operations, developing innovative practices in relation to chemical processing, and being more efficient in our transportation and processing activities. The Company's power strategy is focussed on opportunities for renewable energy, energy security and reliability for all of our operations. Initiatives are underway across operations to reduce our environmental footprint including energy intensity, water use, waste management, and transport and logistics. OZ Minerals is currently preparing a roadmap for reporting of integrated climate change risks and climate-related financial disclosures in line with the Taskforce on Climate-related Financial Disclosure (TCFD) framework. The TCFD framework will also provide a process to gain a better understanding of physical and financial climate-related threats and opportunities which can then be further integrated into our company standards and policies.

Context	Risk	Mitigation/actions
<p>Continuity of power supply</p> <p>The Prominent Hill mine and Carrapateena project are both located in South Australia, with common sources of generation through the connected grid.</p>	<p>OZ Minerals competes with other power users for a competitively-priced uninterrupted power supply within the prevailing environment of volatile electricity prices and power outages.</p>	<p>The Company has developed a power strategy for the Gawler Craton to align with its business strategy.</p> <p>Prominent Hill and Carrapateena power supply contracts ensure power requirements for its operations in South Australia are met.</p> <p>The Carrapateena and Prominent Hill power infrastructure agreements were executed in 2018 and construction is underway.</p>
<p>Growth strategy</p> <p>A key element of the Company's growth strategy is growth through acquisition or development of value accretive copper assets.</p>	<p>The existence of a large resource at the Prominent Hill operation, Carrapateena, Khamsin, Fremantle Doctor, West Musgrave (JV), Carajas, Gurupil, other exploration joint ventures and the prospectivity of the Gawler Craton.</p> <p>In a climate of prospective commodity prices and expected long-term shortages in copper supplies, OZ Minerals competes with other entities to acquire and develop projects that generate superior shareholder value.</p>	<p>OZ Minerals has a clear pipeline of projects and gated plans which ensure a disciplined approach to leverage the large resource base.</p> <p>OZ Minerals evaluates each opportunity with due care and relies on expert opinion, both internal and external where necessary, to ensure that any potential transaction will be value accretive to the Company's shareholders.</p> <p>OZ Minerals maintains a segregated approach to the identification and review of potential transactions and projects to ensure appropriate governance is applied over the assessment of financial risk and returns.</p> <p>New capital management framework established.</p>
Operational risks		
<p>Project execution</p> <p>Successful execution of OZ Minerals' growth strategy depends on its ability to deliver projects on time and within budget and scope.</p>	<p>Mine development projects are inherently exposed to risks of scope definition, cost estimation accuracy and other external factors which present threats and opportunities to a project's cost, efficiency and profitability. These are not all within the Company's control.</p>	<p>OZ Minerals ensures its projects go through a process of internal and external independent review to verify the engineering, technical and financial scope definitions and other assumptions.</p> <p>The Company manages project costs by sound procurement practices and governance.</p>
<p>Contract management</p> <p>Many aspects of the Prominent Hill operations, Carrapateena project, Antas operations, and the Company's exploration and development activities are conducted by contractors.</p>	<p>The production and capital costs incurred by OZ Minerals are subject to a variety of factors, including and not limited to:</p> <ul style="list-style-type: none"> / fluctuations in input costs determined by global markets (e.g. electricity, fuel and other key consumables) / changes in economic conditions that impact on the margins required by contracting partners / changes in mining assumptions, such as ore grades and pit designs. <p>The operating results of OZ Minerals depend on the performance of contractors.</p>	<p>OZ Minerals engages with reputable contractors who have the technical ability, proven track record and financial capability to execute its projects.</p> <p>Competitive procurement processes and embedded performance structures in contracts ensure that the Consolidated Entity mitigates risks of non-performance by contractors, while deriving the highest value for shareholders.</p>
<p>Tailings Storage Facility (TSF) management</p>	<p>The collapse of a TSF has the potential to impact the safety of employees working in the area and community members in the vicinity of the area, company growth, disruption to the mine operation, severe damage to the environment and long term company reputational damage. It would likely result in damaged relationships with key stakeholders.</p>	<p>OZ Minerals is committed to proactively managing TSFs across its operations through design and construction specifications, continuous maintenance, governance, inspection and monitoring programs.</p> <p>The ongoing management controls include management reviews, annual independent reviews, compliance with regulatory and licence requirements and the Australian National Committee of Large Dams (ANCOLD) guidelines and the TSF Operational Manual, geotechnical reviews and monitoring, detailed monitoring plans for the periods of closure and post closure until completion of rehabilitation, periodic stability analysis and comprehensive dam design reviews.</p>
<p>Geotechnical failure</p> <p>The open pit and underground mining operations including tailings storage facilities remain subject to geotechnical uncertainty and adverse weather conditions. These could manifest as pit wall failures or rock falls, mine collapse, cave-ins or other failures to mine infrastructure and reduced productivity.</p>	<p>The concurrent mining of multiple underground areas will lead to increased underground mining activities. The Antas mine open pit depth will increase as mining progresses.</p> <p>Progressive addition of tailings into the tailings storage facility.</p>	<p>OZ Minerals operates systems that prevent, monitor and respond to changes in geotechnical structures in the open pit, underground, and tailings storage facility to ensure the safety of personnel working in the affected areas. Activities are undertaken to reduce the risk of geotechnical failure to as low as reasonably possible.</p>

Context	Risk	Mitigation/actions
<p>Estimates of reserves and resources</p> <p>Mineral Resource and Ore Reserve estimates involve areas of estimation and judgement.</p>	<p>The preparation of these estimates involves application of significant judgment and no assurance of mineral recovery levels or the commercial viability of deposits can be provided. The Company reviews and publishes its reserves and resources annually.</p>	<p>The Mineral Resource and Ore Reserve estimates and mine plans have been carefully prepared by the Company in compliance with the Joint Ore Reserves Committee (JORC) guidelines and in some instances are verified by independent mining experts or experienced mining operators.</p> <p>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 and exchange rate assumptions.</p> <p>The Company's production plan is based on the published reserves and resources.</p>
<p>Customer management</p> <p>OZ Minerals markets high grade copper concentrate to overseas and local customers. Any disruption to the logistics chain from production through to delivery to the customer can result in significant financial impact.</p>	<p>Concentrate marketability depends on global mine supply, smelter demand, concentrate grades and impurities in the product. OZ Minerals' concentrate has a high copper grade, containing gold and silver as well as some impurities such as fluorine and uranium.</p> <p>Regulators in various jurisdictions may change limits or their approach to impurity assessment guidelines in concentrate. This can impede the importation of the concentrate into those jurisdictions. These changes may result in additional requirements related to the ore, tailings or concentrates, or result in challenges with selling, transporting or importing OZ Minerals' concentrates in various jurisdictions.</p>	<p>OZ Minerals has developed customised solutions in partnership with customers. These match smelter demand and production from the OZ Minerals mines to concentrate grade and timing, along with a range of controls to manage the fluorine and uranium impurities.</p> <p>OZ Minerals has multiple marketing options including, but not limited to, ore blending, concentrates blending and additional flotation treatment in the processing plant.</p> <p>OZ Minerals maintains a diverse customer portfolio to mitigate against the risk of regulatory changes to importation requirements.</p>
Market risks		
<p>Commodity prices and exchange rates</p>	<p>OZ Minerals does not control copper, gold, silver or other base metal prices in the global commodities market or the Brazilian REAL/Australian dollar exchange rate.</p>	<p>OZ Minerals manages its exposure to copper price on invoiced sales by entering into derivative contracts that settle at the same time as the contractual quotation period for the sale.</p> <p>OZ Minerals has entered into gold derivative contracts to fix gold price on 62.6 per cent of the gold expected to be sold to 2021.</p> <p>OZ Minerals' predominant functional currency is the Australian dollar and US dollars are only held to meet US dollar commitments.</p> <p>OZ Minerals does not take active steps to hedge currency risk.</p> <p>OZ Minerals operates mines with a low cost of production relative to global copper producers. This ensures resilience to low commodity prices and an ability to maximise margins during high commodity prices.</p>
Safety, health, environment, and community (SHEC)		
<p>Operational safety failures resulting in injury or fatality</p>	<p>OZ Minerals undertakes operations in areas which may pose a safety risk including, but not limited to, handling explosives; underground operations subject to rock fall; confined spaces; areas where heavy and light vehicles interact; manual handling; and operating at height.</p> <p>A fly-in fly-out operation also introduces risk that is inherent in air travel, as contractors and employees are regularly required to commute by aircraft.</p>	<p>OZ Minerals is committed to the safety of its people and all work processes have a high safety focus.</p> <p>OZ Minerals operates in partnership with its contractors and is actively building a shared safety culture between employees and the contractors who work at our sites.</p> <p>Active engagement at all levels of operations and with senior leadership teams, combined with activities focused on identifying and eliminating drivers of safety incidents, has delivered significant successes and resulted in a sustained reduction in the severity of injuries.</p>
<p>Mine rehabilitation</p> <p>The Company operates under a range of environmental regulations and guidelines.</p>	<p>Environmental regulations and occupational health and safety guidelines for certain products and by-products produced or to be produced are generally becoming more onerous.</p>	<p>The Company is required to close its operations and rehabilitate the land affected by the operation at the conclusion of mining and processing activities.</p> <p>Estimates of these costs are reflected in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets as provisions in the financial statements. Management seeks external assistance and review, where appropriate, to estimate these costs.</p> <p>However, actual closure costs may be higher or lower than estimated as these are costs to be incurred following the closure of mining operations over a long time period.</p>

Context	Risk	Mitigation/actions
<p>Managing and Protecting the Environment</p> <p>OZ Minerals is committed to managing environmental threats and impacts associated with specific activities or tasks and to identify opportunities that have the potential to drive value creation for both OZ Minerals and the communities in which we operate.</p>	<p>Non-compliance with environmental regulation has the potential to impact company growth, damage reputation and could result in damaged relationships with key stakeholders</p>	<p>The OZ Minerals Risk Process Standard outlines the process of risk identification, assessment, management and reporting across all operations, including the requirement to take a risk-based approach to environmental management. Environmental risks for our operations are addressed by adhering to the conditions set out within the Performance Standards and legislative and regulatory requirements of the jurisdictions in which they operate. The Performance Standard conditions set out to address the following areas, surface water, ground water, flora and fauna, radiation, air emissions, land and biodiversity, roads, traffic and other infrastructure, and Indigenous and non-Indigenous cultural heritage. Each operation has monitoring programs to ensure it meets the legislative, regulatory and other environmental requirements. The performance of each OZ Minerals operation is independently reviewed and reported against according to the conditions of relevant jurisdiction each year.</p>
<p>Maintenance of community relations and good title</p>	<p>The Company works closely with local communities across its global operations and projects, particularly the Indigenous communities in Australia.</p> <p>Agreements with the Commonwealth of Australia govern the terms of access to areas located within the 'green zone' of the Woomera Prohibited Area, where the Prominent Hill mine is located.</p> <p>The Company adheres to local mining rules and regulations as a minimum, with its own practices often exceeding these requirements.</p>	<p>Access and compensation agreements are in place with communities affected by exploration and operational mining activities. These are reviewed and updated from time to time as required.</p> <p>The Company has controls in place to ensure compliance with the deed covering the Woomera Prohibited area and local level agreements. It relies on good relations with the Australian Defence Department regarding defence operations in the Woomera region and any potential impact these may have on our mining operations.</p> <p>The Company also relies on the 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 operational disruptions, adversely impact project development cost or schedule or restrict access to land for exploration and growth.</p> <p>Legal processes are being followed to facilitate the lifting of a legal injunction across the CentroGold project in Brazil, although there is no certainty as to the timing of remedies noting the number of stakeholders involved. The Company retains good relations with the local community.</p>

Business strategies, prospects and likely developments

This report sets out on pages 6–19, our business strategies and prospects for future financial years; likely developments in OZ Minerals' operations; and the expected results of our operations in future financial years. We provide this information to help shareholders make an informed assessment about the business strategies and prospects for the Consolidated Entity's future financial years. We have not included details that could give rise to a likely material detriment to OZ Minerals, such as information that is commercially sensitive, confidential or could give a third party a commercial advantage.

A photograph of two workers in orange safety gear and hard hats. They are standing next to a white utility vehicle, possibly a truck or van, in a dimly lit industrial or construction setting. The worker on the left is a woman, and the worker on the right is a man. They are both looking at a small device, likely a smartphone or a handheld PDA, which the man is holding. The scene is illuminated by a warm, yellowish light, possibly from a work lamp. The background shows some structural elements of a building or tunnel. The overall mood is professional and focused.

REMUNERATION OVERVIEW AND REPORT

Remuneration overview

Remuneration to executive key management personnel in 2018

Full details of the audited cost to the Company of executive key management personnel (KMP) remuneration, calculated in accordance with the accounting standards and the Corporations Act 2001, are available in Table 11 of the Remuneration Report (p. 56).

The table below (unaudited) which includes details of remuneration actually delivered to executive KMP in 2018, has been prepared to be transparent with our shareholders regarding remuneration outcomes.

Remuneration to executive key management personnel

		Cash salary \$	Short term incentives ^(a) \$	Long term incentives ^(b) \$	Superannuation ^(c) \$	Total remuneration \$
Current						
Andrew Cole	2018	779,710	801,600	3,012,017	20,290	4,613,617
<i>Managing Director and CEO</i>	2017	739,976	626,250	–	10,024	1,376,250
Warrick Ranson	2018	504,710	350,700	–	20,290	875,700
<i>Chief Financial Officer</i>	2017	38,052	–	–	3,615	41,667
Mark Irwin ^(d)	2018	464,062	324,585	–	20,290	808,937
<i>Chief Commercial Officer</i>						
Former						
Mark Rankmore ^(e)	2018	449,710	239,700	904,897	20,290	1,614,597
<i>Head of People and Performance</i>	2017	386,832	211,200	–	13,168	611,200

^(a) Actual STI accrued in 2018.

^(b) Long term incentive is calculated by multiplying the number of performance rights vested with the respective price of OZ Minerals' share at the end of the performance period. Due to the change in vesting periods for LTI plans, two LTIs vested during 2018. The 2015 LTI vested on 30 June 2018 and the 2016 LTI vested on 31 December 2018.

^(c) Represents direct contributions to superannuation funds based on quarterly contribution limits under Super Guarantee Charge regulations. Amounts greater than the maximum superannuation level have been paid and included in cash salary.

^(d) Appointed 22 January 2018. Pro-rata remuneration reflected.

^(e) Mr Rankmore continues to be employed by the Company however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil. Remuneration in the table above reflects a full year.

Letter from the Chairman of the People & Remuneration Committee

Dear shareholders,

On behalf of the Board of Directors, I am pleased to provide you with the 2018 Remuneration Report for OZ Minerals.

2018 was a year of strong performance for the Company. We reached or exceeded our production guidance at Prominent Hill and met cost guidance at Prominent Hill, materially advanced the development of Carrapateena, pursued our growth strategy through the acquisition of Avanco (a company with an operating asset and a number of advanced exploration projects in Brazil) and continued to develop our exploration pipeline with new sites in Sweden and Peru. Shareholders benefited from a strong NPAT of \$222.4 million and dividends of 23 cents per share.

The success of the Company during the year was a direct result of the talent, hard work and dedication of the Company's employees and stakeholders. More detail on the Company's performance is contained in the Director's Report.

Remuneration outcomes in 2018

As in previous years, we continued to ensure that remuneration outcomes reflect the performance of the Company and were aligned to shareholders' expectations.

Key outcomes for 2018

- / Executive salaries were increased as detailed in last year's report.
- / The strong performance of the Company against the KPIs set by the Board for the 2018 year supported short term incentive awards to KMP of 83.3% on average of their maximum annual short term incentive opportunity. Details of the KPI outcomes can be found in section 3.2 of the Remuneration Report.
- / The Board awarded 83.5% of the maximum annual short term incentive opportunity to the Managing Director and Chief Executive Officer, Andrew Cole reflecting the strong performance of the Company and his leadership during 2018.
- / Vesting of performance rights to Andrew Cole
 - / 154,344 performance rights for the 2015 LTI plan, vested in June 2018 at 100%
 - / 177,756 performance rights for the 2016 LTI plan, vested in December 2018 at 88.34%

As foreshadowed in our report last year, the Board decided to increase the fees paid to Non-Executive Directors in September by an average of 5% noting that directors fees had not been increased in six in both scale and complexity. Details of directors fees can be found in section six of this report.

Developments for remuneration for 2019 and beyond

As communicated in last year's remuneration report, during 2018 the Company concluded a review of its executive remuneration framework to make sure it remained fit-for-purpose as OZ Minerals continues to grow.

The review concluded that the current framework continues to serve the Company well but identified opportunities to create a greater alignment between executives and shareholders over the longer term whilst ensuring remuneration remained market competitive, easy to understand and able to be clearly communicated to executives and shareholders. In summary, the key changes to the remuneration framework for 2019 include:

- / introducing an equity component to the STI with 30% of an executive's STI being paid in equity subject to a two year holding lock. Maximum STI opportunities will be increased to 100% of TFR for KMP and 150% for the CEO to bring overall remuneration in line with market. The process for setting KPIs and assessing performance against them will remain unchanged and the outcomes will continue to be reported to shareholders annually.
- / replacing the absolute share price performance measure for the LTI plan with a measure of All-In Sustaining Costs (AISC). We believe that keeping AISC in the bottom half of the cost curve over the long term is a key strategic driver of long-term performance. Executives will be eligible for a full payout of this component of LTI if company wide AISC over the vesting period is in the bottom quartile. 30% of LTI will be eligible to vest according to AISC performance with 70% continuing to be tested by RTSR (relative total shareholder return), in each case over a three year vesting period, which will remain unchanged.
- / introducing a holding lock on equity which vests under future LTI plans, which will require executives to hold any vested LTI for a period of two years beyond the initial three year performance period.
- / broadening the scope of our malus and clawback provisions to include circumstances that bring the company into disrepute, or any catastrophic environmental or safety incident.



/ introducing a requirement for executives and Non-executive Directors to acquire shares in the company equal to 100% of base fee for Non-executive Directors (over five years), 100% of fixed remuneration for the CEO and 50% for KMPs and other senior executives.

Further details of the changes being implemented can be found in section nine of the Remuneration Report.

We believe these changes will put equity into the hands of executives earlier and require them to hold it for the long term, increasing the sense of ownership of the Company amongst our executives and encouraging decision making aligned to creating longer term shareholder value.

These changes were made following extensive consultation with major shareholders and proxy advisors, and we are pleased that they were strongly supported.

During the year, we also conducted a comprehensive market benchmarking of executive remuneration, mindful of the need to continue to retain our key employees in a competitive market as the Company grows. The benchmarking demonstrated that whilst our fixed remuneration was, in most cases, in line with our preferred positioning, total remuneration was below our preferred positioning of toward 75th percentile for outperformance outcomes. We chose to address this by holding most executive fixed remuneration at around 2018 levels and increasing executive STI opportunities as outlined above.

In the case of KMP, benchmarking supported modest increases to fixed remuneration for:

- / Andrew Cole from \$800,000 to \$850,000 per annum recognising the increased scale and complexity of the company
- / Warrick Ranson from \$525,000 to \$565,000 reflecting market movements; and
- / Mark Irwin from \$525,000 to \$545,000 reflecting his increased accountabilities.

We also reviewed the RTSR comparator group for the 2019 LTI award. Avanco, Nevsun and Turquoise Hill will be removed and Metals X Limited and Central Asia Metals Plc will be added, bringing the total number of companies in the comparator group to 14.

The Board is determined to continue our focus on the longer-term business strategy and deliver consistent, well-aligned and transparent remuneration outcomes.

Thank you for your ongoing support of OZ Minerals.

Tonianne Dwyer
Chairman People & Remuneration Committee
Adelaide, 27 February 2019

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 2018. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the Corporations Act 2001.

1.0 Key management personnel

The Consolidated Entity's key management personnel (KMP) during 2018 are listed in Table 1 and consist of the Non-executive Directors (NED) and executive KMP who are accountable for planning, directing and controlling the affairs of the Company and its controlled entities.

Table 1 – KMP during 2018

	Position	Period as KMP during the year
Executive KMP		
Andrew Cole	Managing Director and CEO	All of 2018
Warrick Ranson	Chief Financial Officer	All of 2018
Mark Irwin	Chief Commercial Officer	Appointed 22 January 2018
Former		
Mark Rankmore	Head of People and Performance	Ceased as KMP effective 18 April 2018
Non-executive Directors		
Rebecca McGrath	Independent Chairman	All of 2018
Tonianne Dwyer	Independent NED	All of 2018
Peter Wasow	Independent NED	All of 2018
Charlie Sartain	Independent NED	Appointed 1 August 2018
Marcelo Bastos	Independent NED	Appointed 1 September 2018
Former		
Charles Lenegan	Independent NED	Retired 24 April 2018
Julie Beeby	Independent NED	Resigned 4 May 2018
Peter Tomsett	Independent NED	Resigned 1 August 2018

2.0 Remuneration policy

2.1 Overview of remuneration policy and practices

The remuneration principles (Table 2) demonstrate the links between remuneration and business strategies and their impact on OZ Minerals actual remuneration arrangements. The overriding business objective is to achieve superior returns compared to the Company's peers in the resources sector.

Table 2 – Remuneration principles

Business needs and market alignment	OZ Minerals remuneration policy is focused on achieving our corporate objectives. Remuneration is set with regard to market practices and aligned with achieving shareholder returns.
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	Fixed remuneration is set at a competitive level and positioned to take in to account the challenges of attracting and retaining high performers in business critical roles, particularly in the mining industry. The 'at-risk' components of remuneration depend on challenging goals and are focused on incentivising executive KMP to achieve business critical objectives and shareholder returns.
Talent management	Remuneration policy is tightly linked with our performance and talent management frameworks to reward and recognise employees who achieve their role accountabilities and to engage future leaders.
Governance, transparency and communication with shareholders	OZ Minerals is committed to developing and maintaining remuneration policies and practices that maximise value. We will openly communicate these to shareholders and other relevant stakeholders, and will always be within legal, regulatory and industrial requirements. The Board has absolute discretion to develop, implement and review key aspects of remuneration.

2.2 Remuneration consultants

The Board of Directors and the People & Remuneration Committee seek and consider advice from independent remuneration consultants to ensure that they have all of the relevant information at their disposal to determine executive KMP remuneration. Remuneration consultant engagement is governed by internal protocols that set the parameters around the interaction between management and consultants to minimise the risk of any undue influence and ensure compliance with the Corporations Act 2001.

PROTOCOLS

Under the protocols adopted by the Board and the People & Remuneration Committee:

- / remuneration consultants are engaged by and report directly to the Board or the People & 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 and any relationships that exist between any executive KMP and the consultant
- / communication between the remuneration consultants and executive KMP is restricted to minimise the risk of undue influence on the remuneration consultant
- / 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 People & Remuneration Committee must be obtained in certain circumstances where the consultant continues to be engaged to provide remuneration recommendations.

The Board and the People & Remuneration Committee use remuneration consultants' advice and recommendations from time to time. The Board makes its decisions after it considers the issues and the advice from the People & Remuneration Committee and consultants.

During 2018, Guerdons and PwC were engaged to review the Company's executive remuneration framework and to assist with the implementation of the changes to the Executive Remuneration Framework outlined elsewhere in this report. The work completed did not constitute a remuneration recommendation in accordance with the Corporations Act 2001. The fee for work conducted by PwC was \$99,465.3 (including GST) and the fee for work conducted by Guerdon was \$98,381.4 (including GST). In addition, EY was engaged to undertake a market benchmarking review of executive remuneration. Their analysis was considered by the Remuneration Committee and the Board in forming their views on remuneration matters. The work completed did not constitute a remuneration recommendation in accordance with the Corporations Act 2001. The fee for work conducted was \$72,512.0 (including GST).

2.3 Review of executive KMP remuneration

Executive KMP remuneration levels are reviewed annually by the Board with help from the People & Remuneration Committee and external remuneration consultants as required. The review makes sure that executive KMP remuneration remains consistent with the Company's remuneration policies and guiding principles, and considers:

- / the Company's remuneration policy and practices
- / relevant market benchmarks using salary survey data from the Australian industrial and resources sectors
- / the skills and experience required of each role in order to grade positions accurately and attract high calibre people
- / individual performance against role expectation, set objectives, leadership behaviours and development plans
- / Company strategy, business plans and budgets.

2.4 Executive KMP remuneration components

Table 3 – Remuneration mix

Total fixed remuneration (TFR)	At-risk remuneration	
	Short term incentive (STI)	Long term incentive (LTI)
The 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.	A variable, performance based, annual cash incentive plan designed to reward high performance against challenging, clearly defined and measurable objectives. These are based on a mixture of targets and are set to incentivise superior performance with specific targets or metrics in each category. From 2019, STI will include an equity component.	The equity component of the at-risk reward opportunity which is linked to the Company's medium to long term TSR and share price performance. A three-year performance period applies. From 2019, AISC will replace the share price performance measure.

The mix of fixed and at-risk remuneration varies depending on the role and grading of executives as well as the performance of the Company and individual executives. More senior positions have a greater proportion of at-risk remuneration. If maximum at-risk remuneration is earned, the ratio percentage of fixed to at-risk remuneration would be as follows.

2018 executive KMP remuneration mix^(a)

Managing Director and CEO	27.0%	32.4%	40.6%
Chief Financial Officer	34.5%	27.6%	37.9%
Chief Commercial Officer	34.5%	27.6%	37.9%
Head of People and Performance	40.0%	24.0%	36.0%

Fixed
 STI
 LTI

^(a) Remuneration mix not based on actuals.

In 2019 the remuneration mix will change. Refer to section nine for the changes.

Table 4 – Questions and answers about executive KMP remuneration

Total fixed remuneration (TFR)													
What is included in total fixed remuneration?	An executive KMP total fixed remuneration comprises salary and certain other benefits (including statutory superannuation contributions) that may be taken in an agreed form, such as 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 Managing Director and CEO and other executive KMP must be approved by the Board after recommendations by the People & Remuneration Committee. During the year, we also conducted market benchmarking of executive remuneration, mindful of the need to continue to retain our key employees in a competitive market as the Company grows. The benchmarking demonstrated that our fixed remuneration was, in most cases, in line with our preferred positioning, toward 50th percentile.												
Short term incentive (STI)													
Why does the Board think an STI plan is appropriate?	Variable performance-based remuneration strengthens the link between pay and performance. The purpose of these programmes 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.												
What are the performance conditions?	<p>The performance conditions that determined STI outcomes in 2018 were: (a) Company key performance indicators (KPIs) and (b) individual KPIs.</p> <p>The Company KPI hurdle in 2018, accounted for 80% of the STI award for the Managing Director and CEO and 50% of the STI award for other KMP and the balance was attributable to individual KPIs.</p> <p>(a) Company KPIs</p> <p>Company KPIs are set and weighted at the beginning of each year. They are designed to drive successful and sustainable financial and business outcomes, with reference to the Board approved corporate objectives, plans and budget for the year. The key areas of focus in 2018 included improving the Company's operational and financial performance, sustainability performance and progressing strategic growth objectives.</p> <p>Table 4.1 – Company KPIs in 2018 that applied to executive KMP</p> <table border="1"> <thead> <tr> <th>KPI category</th> <th>KPI example</th> <th>% weighting</th> </tr> </thead> <tbody> <tr> <td>Operational and financial</td> <td>EBITDA, net cash flow, corporate efficiency</td> <td>40</td> </tr> <tr> <td>Sustainability</td> <td>safety improvement, safety behaviours, leadership effectiveness</td> <td>20</td> </tr> <tr> <td>Strategy and growth</td> <td>concentrate production and sales, Carrapateena development, growth pipeline</td> <td>40</td> </tr> </tbody> </table> <p>(b) Individual KPIs</p> <p>Individual KPIs vary for each executive KMP based on their accountabilities.</p> <p>The Board assesses and sets the KPIs for the Managing Director and Chief Executive Officer award, and the Managing Director and Chief Executive Officer assesses and sets the KPIs for each of the other executive KMP in consultation with the Board.</p>	KPI category	KPI example	% weighting	Operational and financial	EBITDA, net cash flow, corporate efficiency	40	Sustainability	safety improvement, safety behaviours, leadership effectiveness	20	Strategy and growth	concentrate production and sales, Carrapateena development, growth pipeline	40
KPI category	KPI example	% weighting											
Operational and financial	EBITDA, net cash flow, corporate efficiency	40											
Sustainability	safety improvement, safety behaviours, leadership effectiveness	20											
Strategy and growth	concentrate production and sales, Carrapateena development, growth pipeline	40											
Is there an overriding financial performance condition or other condition?	Yes. The availability of the STI pool is at the discretion of the Board, which takes into account the interests of the Company and shareholders. The Board can choose not to pay or reduce the amount of the STI otherwise payable.												
How is the STI structured to reward exceptional performance?	<p>The STI plan is designed to reward executive KMP at three pre-determined performance levels – threshold, target and maximum.</p> <p>Threshold performance represents the minimum level of performance required for an STI award to vest.</p> <p>Target performance represents the achievement of planned or budgeted performance, set at a challenging level.</p> <p>Maximum performance represents outstanding performance, set at a stretch level.</p>												

What is the value of the STI opportunity?

Table 4.2 – The target and maximum STI reward opportunity for executive KMP in 2018

Executive KMP	STI at target (as % of TFR)	Maximum STI (as % of TFR)
Andrew Cole	84	120
Warrick Ranson	56	80
Mark Irwin ^(a)	56	80
Mark Rankmore ^(b)	42	60

^(a) Appointed 22 January 2018

^(b) Mr Rankmore continues to be employed by the Company, however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil.

How is STI assessed?

The Managing Director and CEO assesses the business performance of executive KMP throughout the year for progress and improvement, to arrive at a summary assessment at year end for discussion with the People & Remuneration Committee and the Board. The Board also reviews the performance assessment of all executives who report directly to the Managing Director and CEO, with a view to understanding, endorsing and/or discussing individual circumstances, performance, leadership behaviours and future development. The People & Remuneration Committee and the Board assess the performance of the Managing Director and CEO against the performance targets and objectives set for that year.

The Board considers the method of assessing STI as described above to be appropriate as the Managing Director and CEO has oversight of their direct reports and the day-to-day function of the Company, whilst the Board and People & Remuneration Committee have overall responsibility for determining whether executive KMP have met the performance targets and objectives set for that year.

What happens to STI awards when an executive ceases employment?

If an 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. This is at the Board's discretion and conditional upon the individual performance of the relevant executive.

Long term incentive (LTI)

Why does the Board consider an LTI plan to be appropriate?

The Company believes that a LTI plan 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 take into account 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
- / 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 shareholder returns.

How is the award delivered?

The LTI is granted using performance rights under the OZ Minerals LTI plan (detailed below).

Was a grant made in 2018?

A grant was made on 6 February 2018 to all continuing participants in the LTI plan, excluding the CEO whose grant was made on 24 April. The number of performance rights granted to each executive was calculated as their LTI dollar opportunity divided by the adjusted five-day volume weighted average price of OZ Minerals as at the start of the performance period. The performance period for the 2018 LTI grant is 1 January 2018 to 31 December 2020.

What was the value of the 2018 grant for executive KMP?

Table 4.3 – The LTI grant to executive KMP in 2018

Executive KMP	2018 LTI grant as % of TFR	2018 LTI grant allocation \$
Andrew Cole	150	1,200,000
Warrick Ranson	90	472,500
Mark Irwin ^(a)	90	472,500
Mark Rankmore ^(b)	70	329,000

^(a) Appointed 22 January 2018.

^(b) Mr Rankmore continues to be employed by the Company, however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil.

What are the performance conditions?

The two performance conditions, referred to as the vesting conditions are: (a) the executive KMP meeting the service condition; and (b) OZ Minerals meeting the LTI performance conditions.

Service condition

The service condition is met if employment with OZ Minerals is continuous for three years commencing on or around the grant date (performance period).

Performance conditions

The LTI plan performance conditions for 2018 are the same as 2017 and are as follows:

1. Total shareholder return (TSR)

Relative TSR is the primary LTI performance hurdle measured against a comparator group. The Board considers TSR to be an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to shareholder value and 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 it is the most widely used long term incentive hurdle in Australia. The Company employs an independent organisation to calculate the TSR ranking to ensure an objective assessment of the relative TSR comparison. Performance rights in respect to this hurdle will vest in accordance with the following table.

Table 4.4 – Performance rights vested according to total shareholder return

TSR of OZ Minerals relative to TSRs of constituents of the nominated peer group	Proportion of performance rights that vest
Below 50th percentile	0%
50th percentile	50%
Between 50th percentile and 75th percentile (not inclusive)	Straight line vesting between 50% and 100%
75th percentile or above	100%

The TSR performance hurdle accounts for **70%** of the LTI award.

2. Absolute share price growth

Absolute share price growth is the second LTI performance hurdle. This hurdle will be satisfied if the OZ Minerals share price has increased by at least 20% over the performance period. Performance rights in respect to this hurdle will vest in accordance with the following table.

Table 4.5 – Performance rights vested according to absolute share price growth

OZ Minerals share price growth over the performance period	Proportion of performance rights that vest
Less than 20%	0%
20% or greater	100%

The absolute share price growth hurdle accounts for **30%** of the LTI award.

Why were the performance conditions chosen?

It is standard market practice to link individual executive performance (including mandatory service periods) and Company performance to the vesting of performance rights. The conditions link executives' retention and performance 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 achieve shareholders returns.

What is the comparator group?

The comparator companies selected for the 2018 LTI plan are considered to be alternative investment vehicles for local and global investors. They are impacted by commodity prices and cyclical factors in a similar way to OZ Minerals. The Comparator group is reviewed annually for market changes.

Table 4.6 – 2018 comparator companies

Comparator company	Exchange	ASX/ticker code
Capstone Mining Corp.	TSX	CS
HudBay Minerals Inc.	TSX	HBM
KAZ Minerals Plc	LSE	KAZ
Lundin Mining Corporation	TSX	LUN
Sandfire Resources NL	ASX	SFR
Taseko Mines Limited	TSX	TKO
Nevsun Resources Ltd	TSX	NSU
Turquoise Hill	NYSE	TRQ
Independence Group	ASX	IGO
Western Areas	ASX	WSA
AVANCO Resources	ASX	AVB
Dundee Precious Metals	TSX	DPM
First Quantum Minerals	TSX	FM
Antofagasta Plc	LSE	ANTO
Freeport McMoran	NYSE	FCX

What happens to performance rights granted under the LTI plan when an executive ceases employment?

If the executive's employment is terminated for cause, all unvested performance rights will lapse unless the Board determines otherwise. In all other circumstances, unless the Board determines otherwise, a pro rata portion of the executive's performance rights, calculated by reference to the portion of the performance period that has elapsed, will remain on foot, subject to the performance condition as set by the Board. If and when these performance rights vest, shares will be allocated (or a cash equivalent amount will be paid) in accordance with the OZ Minerals' Equity Incentive Plan Rules and any other conditions of grant.

What happens in the event of a change of control?

In the event of a takeover or change of control at OZ Minerals, the Board has the discretion to determine that the vesting of all or some of the performance rights should be accelerated. If a change of control occurs before the Board has exercised its discretion, a pro rata portion of the performance rights will vest, calculated on the portion of the relevant performance period that has elapsed up to the change of control. The Board retains discretion to determine if the remaining performance rights will vest or lapse.

Is there any ability for the Company to 'clawback' LTI awards?

In the event of fraud, dishonesty, gross misconduct or material misstatement of the financial statements, the Board may make a determination that could include the lapsing of unvested performance rights, the forfeiture of shares allocated on vesting of performance rights, and/or repayment of any cash payment or dividends to ensure that no unfair benefit was obtained. A minor amendment was made to provide the Board with the flexibility to make adjustments to any awards granted under the STI or LTI plans in the event that there is a catastrophic safety or environmental event, in which an adjustment to executive bonuses is warranted.

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 into financing arrangements where the monies owed to the lender are secured against a mortgage over OZ Minerals' shares. 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.

2018 Alignment Plan

Why did the Board consider it necessary to create the 2018 Alignment plan?	The Alignment plan was designed to support the retention of key employees during the critical period of the development of Carrapateena.
How was the award delivered?	The 2018 Alignment plan was granted using performance rights under the OZ Minerals Alignment Plan (detailed below).
Was a grant made in 2018?	A grant was made on 13 March 2018 to all participants. The number of performance rights granted to each executive was calculated as 20% of their fixed remuneration divided by the adjusted five-day volume weighted average price of OZ Minerals as at the start of the performance period. The performance period for the 2018 Alignment Plan was 1 January 2018 to 31 December 2019.

What was the value of the 2018 grant for executive KMP?

Table 4.7 - The 2018 Alignment plan to executive KMP in 2018

Executive KMP	2018 Alignment plan grant as % of TFR	2018 Alignment plan grant allocation \$
Warrick Ranson	20	105,000
Mark Irwin ^(a)	20	105,000
Mark Rankmore ^(b)	20	94,000

^(a) Appointed 22 January 2018

^(b) Mr Rankmore continues to be employed by the Company, however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil.

What are the vesting conditions?	The vesting condition for each grant is a service condition, to be employed by the Group on 31 December 2019 and has not given notice of intention to resign.
What happens to performance rights granted under the 2018 Alignment plan when an executive ceases employment?	If the executive's employment is terminated for cause, all unvested performance rights will lapse unless the Board determines otherwise. In all other circumstances, unless the Board determines otherwise, a pro rata portion of unvested Rights will remain on foot subject to the original Vesting Conditions.
What happens in the event of a change of control?	In the event of a takeover or change of control at OZ Minerals, the Board has the discretion to determine that the vesting of all or some of the performance rights should be accelerated. If a change of control occurs before the Board has exercised its discretion, a pro rata portion of the performance rights will vest, calculated on the portion of the relevant performance period that has elapsed up to the change of control. The Board retains discretion to determine if the remaining performance rights will vest or lapse.

3.0 Company performance and remuneration outcomes

3.1 Company performance

We present a summary of OZ Minerals' business performance as measured by a range of financial and other indicators.

Table 5 – Company performance^(a)

Measure	2018	2017	2016	2015	2014
Underlying EBITDA – \$ million	540.4	539.4	373.8	434.9	352.4
Net profit/(loss) after income tax – \$ million	222.4	231.1	107.8	130.2	48.5
Net cash inflow from operating activities – \$ million	449.6	342.9	324.1	429.8	221.5
Basic earnings/(loss) per share – cents	71.5	77.4	35.7	42.9	16.0
Share price at end of year – \$	8.80	9.16	7.89	4.05	3.48
Dividends paid per share – cents	23	20	20	6	20

^(a) Refer to the Financial Review section (p. 33) in the Director's Report for a commentary on the consolidated results, including underlying performance of the Consolidated Entity.

3.2 STI performance and outcomes for 2018

The Chairman and the Board, with the assistance of the Chair of the People & Remuneration Committee, reviewed the Managing Director and CEO's performance against 2018 KPIs. The Managing Director and CEO reviews the performance of each of the other executive KMP against their 2018 individual KPIs and seeks the approval of the Board and People & Remuneration Committee to determine award outcomes.

The Company scorecard contains enterprise level KPIs. The scorecard was assessed against the KPIs in 2018, which resulted in a Board-approved score of 3.9 out of five.

Table 6 – 2018 summary company KPI performance

Measure	KPI	Link to strategy	2018 performance summary	Outcome
Financial and operations (40% total)	Financial delivery (30%)	Lean and innovative	Target EBITDA, flexed for price and exchange, exceeded and Carrapateena on track for delivery as budgeted. The outcome reflected consistent performance from Prominent Hill operations and the advancement of non-core infrastructure requirements as planned.	Exceeded
	Non-core infrastructure (10%)	Capital discipline		
Sustainability (20% total)	Safety performance (10%)	How We Work Together	A TRIFR of 7.52 above target of 7.11. All significant incidents were reported, investigated and subsequently reviewed by the Executive Committee for corrective action.	Partly achieved
	Leadership & culture (10%)	How We Work Together	Leadership Capability and capacity improved across the company. Leadership effectiveness was also demonstrated by continued improvements in developing innovation across the Company and ongoing improvements in cost control, operational performance and progressing growth opportunities consistent with the Company strategy.	Exceeded
Strategy and growth (40% total)	Organic growth (20%)	Global copper	Below ground depletion replaced and confidence of reserve improved. Expansion study underway at Prominent Hill. Province expansion studies progressed and drilling program advanced to improve resource status.	Exceeded
	Pipeline growth (10%)	Devolved and agile	Avanco acquisition – Selection and execution process successfully completed with integration on track, including a series of technical reviews underway. Exploration has been successful with a likely discovery at Eloise in north Queensland, and new inferred resources around Carrapateena at Fremantle Doctor and Khamsin.	Exceeded
	Concentrate quantity and quality, sales and customer relationships (10%)	Customer focus	All concentrate produced by the Prominent Hill operation was sold in line with customer contracts with no breach in contract specifications, whilst maintaining sufficient inventory.	Exceeded

Table 7 – STI award percentage for executive KMP

In accordance with the procedure set out in Section 2.0, an assessment was undertaken of the performance of each of the eligible executive KMP against their 2018 KPIs. Personal KPIs reflect strategic business objectives and deliverables in an individual's area of direct accountability and leadership of safety, culture, innovation and governance across their teams and the company as a whole.

Executive KMP	Company KPI performance^(a) (as per cent of maximum performance)	Individual KPI performance (as per cent of maximum performance)	Overall performance outcome (as per cent of maximum performance)
Current			
Andrew Cole	83.5%	83.5%	83.5%
Warrick Ranson	83.5%	83.5%	83.5%
Mark Irwin ^(b)	83.5%	80.9%	82.2%
Former			
Mark Rankmore ^(c)	83.5%	87.5%	85.5%

^(a) Andrew Cole STI composition is 80% Company and 20% Individual. Other KMP is 50% Company and 50% Individual.

^(b) Appointed 22 January 2018.

^(c) Mr Rankmore continues to be employed by the Company, however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil.

Table 8 – STI payments to Executive KMP in 2018

Name	Payment \$	Maximum potential value of payment^(a) \$	Per cent of maximum grant awarded^(b) %	Per cent of maximum grant forfeited %
Andrew Cole	801,600	960,000	83.5	16.5
Warrick Ranson	350,700	420,000	83.5	16.5
Mark Irwin ^(c)	324,585	394,685	82.2	17.8
Former				
Mark Rankmore ^(d)	70,716	82,668	85.5	14.5

^(a) The minimum potential value of the payments was nil. The maximum potential value of payment represents the achievement of stretch performance.

^(b) Rounded to the nearest whole decimal place.

^(c) Appointed 22 January 2018. Pro-rata remuneration reflected.

^(d) Pro-rata remuneration reflected. Mr Rankmore continues to be employed by the Company, however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil.

3.3 LTI performance and outcomes

Performance rights granted under the OZ Minerals LTI Plan are granted for no consideration. Performance rights carry no dividend or voting rights. One ordinary share in the Company will be allocated on vesting of a performance right. The vesting condition for each grant is the relative TSR performance and absolute share price growth of the Company over the relevant performance period. In general, the executive must also remain employed with OZ Minerals for a continuous period of three years from the grant date. Details of the prior awards for relevant executive KMP are set out in the Remuneration Report for the year in which they were granted.

Details of the performance rights held by executive KMP that vested or lapsed during the year are set out in Table 15. Additional details are set out in Note 11 to the Financial Statements.

3.4 2018 Alignment plan

Performance rights granted under 2018 Alignment plan are a one-off allocation for retention purposes.

Performance rights carry no dividend or voting rights. One ordinary share in the Company will be allocated on vesting of a performance right. The vesting condition for each grant is a service condition, where the executive needs to remain employed by the Group on 31 December 2019 and has not given notice of intention to resign.

The LTI awards on foot during the year (including those granted as part of the 2018 LTI and 2018 Alignment awards) are detailed below.

Table 9 – LTI awards on foot

	Grant date	Rights	Maximum value of grant ^(a) \$	Fair value per performance right ^(b) \$	Performance period	Expiry date	Vesting outcome
Current							
Andrew Cole	24 April 2018	130,285	1,390,141	5.87	1/01/2018 - 31/12/2020	15/2/21	To be determined
	24 July 2017	135,446	1,353,106	4.29	1/01/2017 - 31/12/2019	15/2/20	To be determined
	5 July 2016	201,223	1,722,469	3.88	1/01/2016 - 31/12/2018	15/2/19	88.3% vested ^(e)
	21 July 2015	154,344	754,742	3.47	1/07/2015 - 30/06/2018	15/8/18	100% vested
Warrick Ranson	13 March 2018	11,400 ^(d)	121,638	8.81	1/01/2018 - 31/12/2019	15/2/20	To be determined
	6 February 2018	51,300	547,371	6.03	1/01/2018 - 31/12/2020	15/2/21	To be determined
Mark Irwin ^(c)	13 March 2018	11,400 ^(d)	121,638	8.81	1/01/2018 - 31/12/2019	15/2/20	To be determined
	6 February 2018	51,300	547,371	6.03	1/01/2018 - 31/12/2020	15/2/21	To be determined
Former							
Mark Rankmore ^(d)	13 March 2018	10,206 ^(d)	108,898	8.81	1/01/2018 - 31/12/2019	15/2/20	To be determined
	6 February 2018	35,720	381,132	6.03	1/01/2018 - 31/12/2020	15/2/21	To be determined
	27 January 2017	33,711	336,773	6.20	1/01/2017 - 31/12/2019	15/2/20	To be determined
	16 March 2016	74,184	635,015	3.56	1/01/2016 - 31/12/2018	15/2/19	Vested ^(e)
	21 July 2015	35,577	173,972	2.82	1/07/2015 - 30/06/2018	15/8/18	Vested

^(a) The minimum value of each grant is nil. The maximum value of grant is calculated by applying the highest price of OZ Minerals' shares during the year to the rights issued during the year.

^(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 performance rights as compensation granted or outstanding during the year. The notional value of performance 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 a Monte-Carlo simulation model.

^(c) Appointed 22 January 2018.

^(d) Mr Rankmore continues to be employed by the Company however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil.

^(e) As Katanga Mining Limited is now a controlled entity of Glencore, the Board exercised its discretion under the terms of the 2016 LTI grant to remove Katanga Mining Limited from the relative TSR comparator group.

^(f) 2018 Alignment plan.

4.0 Executive KMP employment arrangements

Remuneration arrangements for executive KMP are formalised in executive service agreements. Each agreement provides for the payment of fixed remuneration, performance-related cash bonuses under the STI plan, other benefits, and participation in the Company's LTI plan.

Table 10 – Executive KMP key provisions

Name	Term of contract	2018 TFR	Notice period	Termination benefit
Current				
Andrew Cole	Permanent – ongoing until notice has been given by either party.	\$800,000	Twelve months' notice by the Company. Six months' notice by Andrew Cole. Company may elect to make payment in lieu of notice. No notice period required for termination by Company for cause.	Twelve months fixed remuneration in the case of termination by the Company.
Warrick Ranson	Permanent – ongoing until notice has been given by either party.	\$525,000	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice required for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company.
Mark Irwin	Permanent – ongoing until notice has been given by either party.	\$525,000	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice required for termination by Company for cause.	Nine months fixed remuneration in the case of termination by the Company.
Former				
Mark Rankmore	Permanent – ongoing until notice has been given by either party.	\$470,000	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice required for termination by Company for cause.	Six months fixed remuneration in the case of termination by the Company.

5.0 Executive KMP remuneration

Table 11 – Total rewards to executive KMP

		Salary, fees and allowances	Benefits & Allowances ^(b)	Accrued annual leave ^(a)	Super-annuation ^(d)	Short term incentive	Other long term benefits ^(c)	Value of performance rights ^(e)	Total remuneration	Performance Related
		\$	\$	\$	\$	\$	\$	\$	\$	%
Current										
Andrew Cole <i>Managing Director & CEO</i>	2018	779,710	–	(5,554)	20,290	801,600	26,142	816,782	2,438,970	66.4
	2017 ^(h)	739,976	–	(15,379)	10,024	626,250	16,744	621,591	1,999,206	62.4
Warrick Ranson <i>Chief Financial Officer</i>	2018	504,710	104,603	33,761	20,290	350,700	4,158	141,187	1,159,409	42.4
	2017	38,052	–	1,141	3,615	–	56	–	42,864	–
Mark Irwin ⁽ⁱ⁾ <i>Chief Commercial Officer</i>	2018	464,062	–	11,254	20,290	324,585	1,781	141,187	963,159	48.4
Former										
Mark Rankmore ^(g) <i>Head of People and Performance</i>	2018	132,673	–	(2,127)	5,986	70,716	3,912	92,557	303,717	53.8
	2017 ^(h)	386,832	–	(12,923)	13,168	211,200	7,143	195,103	800,523	50.8

^(a) 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.

^(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. Other benefits paid to Mr Ranson in 2018 include payment of relocation costs for Mr Ranson and his family from Perth to Adelaide.

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

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

^(e) 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 a Monte Carlo simulation model.

^(f) Appointed 22 January 2018. Pro-rata remuneration reflected.

^(g) Mr Rankmore continues to be employed by the Company however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil. Pro-rata remuneration reflected.

^(h) The prior year comparative value of performance rights has been adjusted to include proportionate expense in relation to the 2015 & 2016 LTIP grants. As a result, the value of performance rights disclosed for Andrew Cole has increased from \$135,731 to \$621,591 and total remuneration from \$1,513,346 to \$1,999,206. The value of performance rights disclosed for Mark Rankmore has increased from \$66,357 to \$195,103 and total remuneration from \$671,777 to \$800,523.

6.0 Non-executive Director remuneration

6.1 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. As approved at the OZ Minerals General Meeting on 18 July 2008, the maximum fees payable per annum is \$2,700,000 in total. As highlighted in the 2017 report, during 2018 the Board undertook a benchmarking review and decided to increase the fees paid to Non Executive Directors and address anomalies as between committees. Fees had not been increased in six years during which the Company has grown in scope and complexity. The revised fees are set out below and came into effect on 1 September 2018.

Table 12 – Details of NED remuneration with effect from September 2018

Fees	Chairman \$ per annum	Member \$ per annum
Board	328,921	126,330
Audit	43,056	21,528
Sustainability	26,910	13,455
People & Remuneration	26,910	13,455

All Directors (including the Chairman) are entitled to superannuation contributions (or cash in lieu thereof) equal to 9.5 per cent calculated on base Board and Committee fees listed in Table 12, and are entitled to be reimbursed for travel 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. The Chairman of the Board does not receive additional fees for being a member of any Board committee.

6.2 Total fees paid to NEDs

In 2018, NEDs received \$1,067,751 (2017: \$1,141,368) in total fees, compared to the maximum approved fees payable of \$2,700,000.

Table 13 – Total remuneration paid to NEDs

		Board fees and cash benefits	Committee fees	Superannuation ^(a)	Total fixed remuneration
		\$	\$	\$	\$
Current					
Rebecca McGrath	2018	328,464	–	20,290	348,754
<i>Chairman</i>	2017	241,654	17,160 ^(b)	18,808	277,622
Tonianne Dwyer	2018	122,320	44,850	15,881	183,051
<i>Non-executive Director</i>	2017	93,723	31,629	11,908	137,260
Peter Wasow	2018	122,320	47,968	16,177	186,465
<i>Non-executive Director</i>	2017	20,052	5,382	2,416	27,850
Charlie Sartain ^(c)	2018	52,136	19,734	6,828	78,698
<i>Non-executive Director</i>					
Marcelo Bastos ^(d)	2018	42,110	4,483	4,426	51,019
<i>Non-executive Director</i>					
Former					
Julie Beeby ^(e)	2018	41,848	11,232	5,043	58,123
<i>Non-executive Director</i>	2017	120,314	28,002	14,090	162,406
Peter Tomsett ^(f)	2018	70,619	18,954	8,509	98,082
<i>Non-executive Director</i>	2017	93,723	23,244	11,112	128,079
Charles Lenegan ^(g)	2018	40,105	17,940	5,514	63,559
<i>Non-executive Director</i>	2017	120,314	53,820	16,543	190,677

^(a) Represents direct contributions to superannuation funds based on quarterly contribution limits under Super Guarantee Charge regulations. Amounts greater than the maximum superannuation level have been paid and included in cash salary.

^(b) Committee fee were paid during the period not as Chairman.

^(c) Appointed Non-executive Director 1 August 2018.

^(d) Appointed Non-executive Director 1 September 2018.

^(e) Ceased to be Non-executive Director 4 May 2018.

^(f) Ceased to be Non-executive Director 1 August 2018.

^(g) Ceased to be Non-executive Director 24 April 2018.

7.0 Equity instrument disclosure relating to KMP

The movement in the number of shares held by each KMP during the year is set out below.

Table 14 – KMP shareholdings

	Balance at 1 January 2018 or date becoming KMP	Shares acquired on exercise of rights	Net other movements	Balance at 31 December 2018 or date ceasing to be KMP ^(a)
Non-executive Directors				
<i>Current</i>				
Rebecca McGrath	33,035	–	4,900	37,935
Tonianne Dwyer	10,000	–	–	10,000
Peter Wasow	–	–	8,000	8,000
Charlie Sartain ^(b)	70,000	–	–	70,000
Marcelo Bastos ^(c)	–	–	–	–
<i>Former</i>				
Julie Beeby ^(d)	14,000	–	–	14,000
Peter Tomsett ^(e)	–	–	10,000	10,000
Charles Lenegan ^(f)	20,750	–	–	20,750
Executive KMP				
<i>Current</i>				
Andrew Cole	10,000	154,344	–	164,344
Warrick Ranson	–	–	–	–
Mark Irwin ^(g)	–	–	1,000	1,000
<i>Former</i>				
Mark Rankmore ^(h)	–	–	–	–
Total	157,785	154,344	23,900	336,029

^(a) The following number of shares (included in the holdings above) were held on behalf of KMP (i.e indirectly beneficially held shares) as at 31 December 2018.

^(b) Appointed Non-executive Director 1 August 2018.

^(c) Appointed Non-executive Director 1 September 2018.

^(d) Ceased to be Non-executive Director 4 May 2018.

^(e) Ceased to be Non-executive Director 1 August 2018.

^(f) Ceased to be Non-executive Director 24 April 2018.

^(g) Appointed 22 January 2018.

^(h) Mr Rankmore continues to be employed by the Company however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil.

Table 15 – KMP performance rights holdings

The movement in the number of performance rights for KMP during the year is set out below:

	Balance at 1 January 2018	Granted as remuneration	Value of rights granted ^(a) \$	Vested and exercised	Value of rights vested ^(d) \$	Lapsed	Balance at 31 December 2018 ^(e)
Current							
Andrew Cole	491,013	130,285	764,347	154,344	3,012,017	23,467	443,487
Warrick Ranson	–	62,700	410,446	–	–	–	62,700
Mark Irwin ^(b)	–	62,700	410,446	–	–	–	62,700
Former							
Mark Rankmore ^(c)	143,472	45,926	305,154	35,577	904,897	8,651	145,170
Total	634,485	301,611	1,890,393	189,921	3,916,914	32,118	714,057

^(a) The fair value of the performance rights granted to Mr Cole on 24 April 2018 was calculated at the grant date as \$5.87 and the fair value of the performance rights granted to other KMP on 6 February 2018 was calculated at the grant date as \$6.03. Subject to the achievement of relevant performance conditions, these rights would be expected to vest on 31 December 2020.

The fair value of the performance rights granted to other KMP on 13 March 2018 pursuant to the 2018 Alignment Plan was calculated at the grant date as \$8.81. Subject to the achievement of relevant service conditions, these rights would be expected to vest on 31 December 2019. The fair values have been calculated by an independent advisor based on a Monte Carlo simulation model. No price is payable on acquisition of performance rights, and there is no exercise price.

^(b) Appointed 22 January 2018.

^(c) Mr Rankmore continues to be employed by the Company however as defined by Corporations Act (2001), ceased to be KMP effective 18 April 2018 due to being appointed to manage the integration of Avanco Resources in Brazil.

^(d) Value of rights vested calculated as number of rights vested times closing OZL price on vesting date.

^(e) Includes 177,756 rights vested but not exercised by Mr Cole and 65,533 rights vested but not exercised by Mr Rankmore at 31 December 2018.

8.0 Other transactions with executive KMP or NEDs

There were no loans made to executive KMP, NEDs or their related parties during the year. There were no other transactions between the Company and any executive KMP, NED or their related parties other than those within the normal employee, customer or supplier relationship on terms no more favourable than arm's length.

9.0 Executive remuneration framework changes

The Board believes that executive remuneration is a key enabler of the delivery of the group's strategy for the benefit of shareholders, customers, employees and our communities. During 2018, we undertook a review of executive remuneration, to ensure that the framework remains fit-for-purpose as OZ Minerals continues to grow. The result of that review suggested that OZ Minerals had an opportunity to create a greater alignment of executive pay outcomes with the shareholder experience and simplify a framework that executives perceived to be complicated and in many cases something they had limited ability to influence.

As a result, we have proposed some refinements to the framework in 2019 that better address our objectives of greater alignment between shareholder and executive. These changes will, if performance targets are met, put equity into the hands of executives earlier and require them to hold it for the long term, increasing the sense of ownership of the Company amongst our executives and encouraging decision making aligned to creating longer term shareholder value.

This framework also provides a simple, market-aligned approach which builds on our existing framework and meets our objectives of driving greater alignment between shareholders and executives. The changes are summarised in Table 16.

Table 16 – Executive remuneration framework changes

Fees	What's changed?	Why?
Fixed pay	<ul style="list-style-type: none"> / No changes to our approach to fixed remuneration. We will continue to review our executive remuneration levels annually to ensure pay levels remain competitive to attract, motivate and retain the best talent for OZ Minerals. 	<ul style="list-style-type: none"> / Refinements have been made to at risk, STI and LTI, see below.
Short term incentive	<ul style="list-style-type: none"> / 30% of the STI award will now be paid in equity which will be subject to a two year holding lock and thereafter to minimum shareholding requirements. / Increase maximum STI opportunity for KMP from 80 to 100% and for CEO from 120–150%. 	<ul style="list-style-type: none"> / We wanted to increase the ownership mentality of our executive team by putting shares in their hands sooner than the current long term incentive program. / STI equity deferral is best practice across the resources sector and the broader Australian market, and it is a desire of the Board to reflect best practice in our remuneration arrangements. / Deferred STI allows us a reasonable timeframe to more effectively apply malus and ensure all awards reflect the true performance of an executive and the company, once the impact of all decisions is known.
Long term incentive	<ul style="list-style-type: none"> / Replacing absolute share price performance measure with a strategic / financial measure based on All In Sustaining Costs (AISC). / We are also introducing a holding lock on the LTI plan, which will require executives to hold any vested LTI for a period of two years beyond the initial three year performance period and thereafter subject to minimum shareholding requirements. 	<ul style="list-style-type: none"> / We are proposing to introduce a new measure into the LTI program associated with strategy to better align business and shareholder outcomes with executive pay outcomes, and provide a measure that executives are better able to influence. Maintaining costs in the bottom half of the cost curve will create long term shareholder value. / A two-year holding lock prevents senior executives who receive LTI shares after the three-year performance period from selling their shares for two years. This is firmly weighted towards driving long term sustainable strategic outcomes that deliver shareholder value. / Introducing a holding lock to the LTI further encourages our executives to create meaningful shareholdings in OZ Minerals, which is aligned to our objective of enhancing the way our reward arrangements align shareholder and executive interests. / The Board believes that this total five-year timeframe is sufficient to allow the full impact of executive decision-making to flow through to the share price, and thus directly align the wealth of the executive with that of shareholders.
Shareholder requirement	<ul style="list-style-type: none"> / Introducing a requirement for executives to hold shares in the company. We are introducing minimum shareholding guidelines of 100% of fixed pay for the CEO and 50% of fixed pay for KMPs, to be accrued over a reasonable period. / The NEDs will also have the requirement to acquire shares in the company equal to 100% of their annual base fee over a five year period. 	<ul style="list-style-type: none"> / By requiring executives to build and hold a meaningful shareholding in the company, we believe we will strengthen the alignment of executives with shareholders and foster longer term thinking. / Minimum shareholdings for directors reflect market practice and similarly create alignment.

A photograph of an emu standing in a field of yellow and green vegetation. The emu is on the left side of the frame, facing right. In the background, there are two more emus. The overall scene is bathed in warm, golden light. A large white circle with a smaller white circle inside it is overlaid on the top left of the image, with a white dot at the center of the smaller circle.

SUSTAINABILITY REPORT

SUPPORTING DOCUMENTS

OZ Minerals' company website
ozminerals.com

Voluntary disclosure
Global Reporting Initiative (GRI) Standards
globalreporting.org

External benchmarking
Dow Jones Sustainability Indices
sustainability-indices.com

FTSE4Good
ftse.com

Sustainable development
Sustainable Development Goals
sustainabledevelopment.un.org

Associations
International Copper Association Australia
copper.com.au

Format

We have been publishing our sustainability performance since 2008. Since 2016, we have published our sustainability performance in a combined annual and sustainability report to provide a transparent account of our approach to creating value in a financially, environmentally and socially responsible manner for our shareholders and other stakeholders.

You'll find examples of sustainability in practice embedded throughout the report to reflect how sustainability is integrated into our operations.

Organisational boundary and scope

We disclose sustainability data in accordance with Global Reporting Initiative (GRI) Standards. The GRI Standards are a comprehensive set of guidelines that cover all dimensions of sustainability. Further information is available on the GRI website. We also reference supporting documents which form part of our sustainability disclosure. These documents are publicly available on our website to make specific information more accessible.

The Sustainability section covers the performance of our operations and facilities over which OZ Minerals had operational control for the 2018 full calendar year. Joint ventures which we do not operate are excluded. In mid-2018, OZ Minerals acquired Avanco Resources Limited, a company with assets including an operating mine, in Brazil. The performance data of our Brazilian assets are

not included in this year's Sustainability Report, except where specifically noted, but we aim to report on their sustainability performance in the following year. Other sections within this report can provide metrics and data (e.g. TRIFR) which may include our Brazilian assets.

Assurance

OZ Minerals engaged KPMG to undertake limited assurance over selected information in this report. The full details of the process, scope of the assurance engagement and the outcome are detailed in KPMG's assurance statement on page 88.

Materiality

We use a materiality assessment to determine key topics that matter most to our stakeholders and us. We assess sustainability topics based on two criteria: their importance to our business in terms of growth, economic and social impact; and their importance to stakeholders – including employees, governments, shareholders, investors and the community. High priority material topics are discussed in this report and further information on other sustainability topics is available on the OZ Minerals website.

We complied with the GRI guidance on materiality and completeness when identifying material topics and referenced a range of internal and external considerations and priorities. The process included extensive document review, surveys, and dialogue with internal and external stakeholders.

Materiality matrix



Sustainability strategy

Our sustainability aspiration

Our aim is to be a global copper-focused modern mining company. We will deliver superior value across multiple operating assets underpinned by a diverse exploration and project pipeline.

We are committed to building our business sustainably – operating ethically, safely, minimising our environmental footprint, ensuring we are well-governed and are socially responsible – core elements of creating value for our stakeholders, the heart of our company strategy.

How we do things is as important as what we do. Our culture and behaviours are framed by our How We Work Together principles.

Delivery

We deliver on sustainability within OZ Minerals by focussing on value creation for our stakeholders and we report on our value creation achievements under the sustainability elements of Community, Environment, Safety and Health and Wellbeing. OZ Minerals ensures these accountabilities are met through our planning process and governance structure.

Accountability

Assets are accountable for delivering the sustainability elements. At a corporate level, we drive and monitor our approach and outcomes through:

Strategy	Annual review of strategy, setting of the annual business plan, and review and setting of policies and standards.
Compliance	Monitoring sustainability performance at each asset via Performance Standards and Process Standards.
Risk register	Assets provide visibility of threats and opportunities via the risk register.

Governance

Oversight for sustainability is provided within the OZ Minerals governance framework.

OZ Minerals' strategy



Five value creation pillars

Shareholders	We deliver consistent top quartile Total Shareholder Return. We meet or exceed market expectations. We are ethical, well governed and socially responsible.
Employees	We have a safe work environment that empowers people to positively impact the business. Our people enjoy coming to work. They are engaged, valued and inspired to grow through exceptional leadership.
Suppliers	We preferentially partner with local and Indigenous suppliers. We seek win-win relationships that deliver shared value, build capability and enable us to innovate.
Community	We add value to the communities where we operate, building enduring partnerships aligned with their aspirations. They recognise our contribution and advocate on our behalf.
Government	We operate in a socially responsible manner and create economic value. We have bipartisan support for the ongoing development of our portfolio.

Sustainability action areas and reporting



External recognition, voluntary commitment and external benchmarking

Dow Jones Sustainability Indices

In September 2018, OZ Minerals was selected as a member of the Dow Jones Sustainability Indices (DJSI) for the second consecutive year. The DJSI is one of the most highly regarded sustainability performance rankings. It is released annually by S&P Dow Jones Indices and RobecoSAM to drive innovation in environmental, social and corporate governance (ESG) investment. We are committed to playing a leading role in corporate sustainability within our industry and our community.

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

FTSE4Good

FTSE Russell confirms that OZ Minerals Ltd has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



FTSE4Good

Global Reporting Initiative

GRI is an international independent organisation which has established the leading international framework and standards for sustainability reporting. OZ Minerals prepared the Sustainability section of the 2018 Annual and Sustainability Report in accordance with the GRI Standards (Core).

Sustainable Development Goals

In January 2016, 193 UN member states adopted 17 Sustainable Development Goals (SDGs). These goals and their related targets address the most important sustainability challenges and can stimulate worldwide transformational change. OZ Minerals recognises that global megatrends, such as climate change, globalisation, digitalisation and automation, will impact our operations and our modernisation agenda ensures we are responsive to threats and opportunities in these and other areas.

OZ Minerals' vision is to become a global copper-core modern mining company. Creating value for our key stakeholders is at the heart of our strategy and shapes our global focus, products, operations, and stakeholder engagement. We are working towards ensuring we align our approach to sustainability with the Sustainable Development Goals. The SDGs broaden our view and provide a framework for OZ Minerals to contribute towards achieving these global goals and becoming a global modern mining company.

Member of the International Copper Association Australia

OZ Minerals is a member of the International Copper Association Australia, the peak body for the copper industry in Australia whose core work is sustainable development. The benefits of copper range widely; from renewable energy and energy access to climate-change mitigation and adaptation, many global trends driving the sustainable-development agenda rely on copper and its unique properties.

Sustainability at OZ Minerals

Sustainability is fully integrated into operating asset accountabilities within OZ Minerals' devolved operating model. Our Company's governance framework (p. 22) has been established to achieve compliance with our sustainability requirements and expectations. The performance standards set the minimum benchmarks and expectations for assets; the process standards support the operation of the business; the Company policies provide the umbrella; and the annual business planning process sets the priorities. These all support OZ Minerals' aspiration to be a modern mining company that creates value for its stakeholders.



ENVIRONMENT

OZ Minerals is committed to providing a high standard of care for the natural environment.

SUPPORTING DOCUMENTS

Environmental governance

Sustainability Committee Charter,
Community and Environment Policy
ozminerals.com/about/corporate-governance

Management approach

Governance Framework, p. 22
Environmental Performance Standards
ozminerals.com/sustainability/environment

Sustainability framework

GRI Content Index
ozminerals.com/sustainability

Performance data

Environmental Data Tables, p. 82

Water

Water is essential for our operations. Our water management includes many facets of environmental performance such as water use, tailings, climate change and water recycling.

Prominent Hill and Carrapateena are situated in areas with an average annual rainfall of less than 200 millimetres per year and depend on groundwater to sustain their operations. Our wellfields are located on nearby pastoral stations and, in the majority of cases, the pastoralists draw water from a shallower or discrete aquifer.

Our water monitoring program involves measuring and monitoring water levels and quality in previously-agreed pastoral wells on neighbouring stations. Additionally, we closely monitor both the used and surrounding groundwater sources and report these results to the relevant stakeholders. We conduct sediment monitoring to detect any potential changes in downstream surface water quality from baseline values, including metal concentrations and acidity, to ensure our management measures are effective.



Management approach

OZ Minerals Water Performance Standard, OZ Minerals Tailings Performance Standard, OZ Minerals Waste and Waste Water Performance Standard
ozminerals.com/sustainability/environment

Performance data

Water Data Table, p. 82

Climate change, energy use and greenhouse gas emissions

The majority of OZ Minerals' energy use occurs at the Prominent Hill mine. The two main areas of energy consumption are the processing plant (electricity) and mining vehicles (diesel fuel). Prominent Hill's mining activities transitioned to an underground-only mine during the year as the open pit reached the end of its life. As a result, there was a reduction in waste, fewer trucks were operating and less diesel was consumed. The Company's energy demand will increase as the Carrapateena mine is developed, particularly once production begins (commissioning is scheduled for the fourth quarter of 2019). Both Prominent Hill and Carrapateena are connected to the South Australian electricity grid which is estimated to comprise approximately 40 per cent renewable energy.

We have reported energy use and greenhouse gas emissions in line with NGERs:

- / Overall Scope 1 emissions **decreased by 19%** compared to the previous year.
- / Overall Scope 2 emissions **decreased by 5%** compared to the previous year.
- / **253,238 tonnes** of Scope 1 and Scope 2 carbon dioxide equivalent emissions were

generated in total, a 11% reduction compared to the previous reporting year.

- / **Diesel use** is Prominent Hill's primary source of Scope 1 greenhouse gas emissions.
- / OZ Minerals did not sell energy in 2018.

Taskforce on Climate-related Financial Disclosure

The Financial Stability Board formed the Task Force on Climate-related Financial Disclosures (TCFD). It is a market-driven initiative which established recommendations for voluntary financial reporting on climate change risks. The Task Force released a recommendations report which provides the general framework for climate-related financial disclosures.

In 2019, we will be developing a roadmap to integrate the TCFD recommendations into our annual disclosure. The TCFD recommendations provide a process to gain a better understanding of physical and financial climate-related threats and opportunities and reassess how climate change risks are integrated into our company standards and policies.



Management approach

OZ Minerals Emissions and Resource Efficiency Standard
ozminerals.com/sustainability/environment

Annual reporting obligation

National Greenhouse and Energy Reporting Scheme (NGERS)

Voluntary disclosure

Task Force on Climate-related Financial Disclosures
fsb-tcfid.org

Performance data

Energy and Greenhouse Gas Data Table, p. 82

SUSTAINABILITY IN PRACTICE

SUSTAINABLE WATER USE FOR CARRAPATEENA

OZ Minerals appreciates the critical importance of sustainable water management in the mining and resources sector. We have a strong commitment to research and trials that develop greater understanding of the role of water management, the opportunity to influence policy development on water in mining and inform the science and evidence base around water use and reuse. In the development of the Carrapateena Mine, we have focused on identifying and defining a sustainable water supply to meet the forecast demands of the site. Throughout 2017 and 2018, we conducted extensive water exploration drilling of the Northern Wellfield region, which is currently being further explored, from an advanced exploration viewpoint, to confirm the sustainable pumping rates of the identified wells. The Carrapateena project has been focused on utilising the underground mine water inflows to enable the application of sustainable practises for the Operation and to minimise impact on the wider region.



Air quality

The largest emission from the majority of our assets is dust. This is generated by stockpiling materials and vehicles moving over unsealed surfaces. We use a range of control measures to reduce the amount of dust we generate, including regular road maintenance, active dust suppression on roads and speed restrictions. Comprehensive sampling at Prominent Hill and Carrapateena has verified that our air quality management has effectively prevented adverse impacts on workers,

the community and the environment. There are no ozone-depleting substances, persistent organic pollutants or stack emissions produced at Prominent Hill or Carrapateena. Air quality is also affected by sulphur and nitrogen oxides that are generated by burning fuels. Gases like carbon monoxide and oxides of nitrogen are generated during blasting.



Management approach

OZ Minerals Air Emissions Standard ozminerals.com/sustainability/environment

Annual reporting obligation

National Pollutant Inventory (NPI)

Performance data

Air Quality Data Table, p. 82

Waste

Mining waste is managed on site at the integrated waste rock landform (IWL) at Prominent Hill. This comprises the tailings storage facility (TSF) and two waste rock dumps. Over the reporting period, Prominent Hill produced 1.4 million tonnes of waste rock and 9.6 million tonnes of tailings. No potential acid-forming (PAF) material was mined. Most of the waste rock generated is placed in the rock dumps, with a proportion of non-acid forming (NAF) rock used to construct mine infrastructure, such as the tailings storage facility and roads. When PAF rock is encountered, it is encapsulated in designated PAF cells within the waste landform. These PAF cells are then encapsulated within NAF rock using physical control measures to prevent surface water runoff and subsequent environmental impacts.

Our tailings performance standard sets out our approach to managing waste within the TSF. These standards are written to ensure the TSF is designed, constructed and managed to: prevent seepage rates to groundwater; ensure that tailings are physically and chemically stable; protect terrestrial and avian life; and comply with regulatory and license requirements. The facility is run under a TSF Operations Management Plan which has been developed to comply with these standards. As a part of our tailings management, we conduct groundwater sampling to monitor parameters such as depth to water, salinity, pH, and metal concentrations at and surrounding the TSF and open pit. An external audit of the tailings dam at Prominent Hill is undertaken annually with a major audit undertaken every five years.



Management approach

Waste and Wastewater Standard, Waste Rock and Ore Standard, and Tailings Standard ozminerals.com/sustainability/environment

Performance data

Waste Data Table, p. 82

Land and biodiversity

In the development of the Prominent Hill Project, OZ Minerals committed to the establishment and management of a Significant Environmental Benefit (SEB) offset area. A parcel of land, consisting of a portion of the Mt Eba Pastoral Lease and the undisturbed areas within ML 6228, an area of approximately 12,415 ha, minus project-related disturbances. The two objectives of the SEB offset area are the management of the area to support habitat, by managing threatening processes during Prominent Hill operations, and the restoration of selected on-site areas, cleared to enable mining activities.

Flora and fauna monitoring of the SEB offset area commenced in 2006 and in over 10 years of continuous monitoring has identified the presence of three threatened species, the nationally threatened plains mouse and thick-billed grasswren (eastern subspecies), both listed as vulnerable under the Environment Protection and Biodiversity Conservation Act (1999) and the chestnut-breasted whiteface listed as rare under

the South Australian, National Parks and Wildlife Act (SA) 1972. All three species are also listed in the International Union for Conservation of Nature's (IUCN) Red List of Threatened Species.

The extensive monitoring program has allowed the vegetation associations and preferred habitat of the three species to be mapped. Currently, annual vegetation monitoring is completed and is aimed at ensuring the health of the preferred habitat is maintained. Through management of the SEB offset area, OZ Minerals aims to protect and enhance habitat that is known to occur in the SEB offset area.

At Carrapateena, three IUCN species are listed within the area – two vulnerable species (the Malleefowl and plains rat) and one endangered species (the Pernatty knob-tailed gecko). The plains rat is the only species within the local area of proposed operations. Our monitoring continues to indicate that mining activities will have minimal impact on the surrounding natural environment.



Management approach
Land and Biodiversity Standard
ozminerals.com/sustainability/environment

Performance data
Land and Biodiversity Table, p. 83

Rehabilitation and closure

The South Australian operations within OZ Minerals have documents and programs detailing closure, including the Supporting Works Plan and the Program for Environment Protection and Rehabilitation (PEPR). The Supporting Works Plan is reviewed annually to ensure closure assumptions are in line with current operational activities. The documents include rehabilitation and closure completion criteria to achieve post-mining designated land use and to minimise environmental liability. Closure planning is updated throughout the operational life of a mine so that the risks and unknowns are identified and reduced over time. As part of this process estimated costs of rehabilitating, decommissioning and restoring the areas

disturbed during the operation of the mine are evaluated and provided for.

Progressive rehabilitation has been taking place at Prominent Hill. Rock armouring of the North Waste Rock Dump is now completed and the South Waste Rock Dump is near completed with the rock armouring of the TSF 75% completed.

Stakeholder engagement on mine closure occurs throughout a mine's life. The potential social and environmental impacts of mine closure are considered in our conversations with governments and local communities. We support community initiatives and sustainable local businesses as a part of our community engagement program.



Management approach
Rehabilitation and Closure Standard
ozminerals.com/sustainability/environment

SUSTAINABILITY IN PRACTICE

SUSTAINABLE WASTE MANAGEMENT AT PROMINENT HILL

Prominent Hill runs an extensive recycling program. This recycling program diverts many varying waste streams from landfill resulting in 50% of non-mining waste generated being either recycled or reused. In late 2018 a trial of biobin technology was implemented to further this philosophy. The biobins collect food waste generated by the Camp kitchen facilities within a sealed bin unit. This waste is then sent off site utilising courier backloads to Adelaide where it is processed into compost and fertilisers. This process has the additional benefit of providing the kitchen staff with a safer environment and reduces potential food sources for feral species.





SAFETY

OZ Minerals is committed to high standards and leadership in the area of safety for our people and the communities in which we operate.

SUPPORTING DOCUMENTS

Management approach

Health and Safety Policy
ozminerals.com/about/corporate-governance

Safety performance standards

Isolation, Fixed and Mobile Equipment,
Electrical Safety, Fall Prevention, Confined Spaces,
Ground Control, Explosives, Fire Prevention,
Aviation, Inundation
ozminerals.com/sustainability/safety

Performance data

Safety Data Table, p. 86

Safety culture and leadership

We understand that mining activities can impact people's safety. As leaders, we actively care for everybody involved in our operations and supporting services. We're committed to identifying, evaluating and managing all the associated threats for actual and potential adverse impacts as far as reasonably practicable.

Our target is to achieve an injury and occupational disease-free workplace by ensuring hazards are identified and managed at the source. All safety incidents are thoroughly investigated, we share what we've learned, and we implement corrective actions. Safety data is collected for the entire workforce (employees, contractors, visitors working on our sites) and weekly reports are made to management, including the Managing Director and Chief Executive Officer. Performance is diligently monitored by our leadership team.

We conduct yearly internal audits against select company processes and standards, and external assurance as part of the annual Sustainability Report assurance process.

The number of recordable workplace injuries in many of our departments has been reduced due to active engagement from our senior leadership and activities focused on identifying and eliminating the causes of incidents. Significant incidents and incident trends are comprehensively reviewed by the Board's Sustainability Committee to ensure that: we learn from incidents; our approved processes are complied with; and we implement additional controls where necessary.

Safety statistics are calculated per one million working hours. In 2018, the total recordable injury frequency rate (TRIFR) per million hours worked increased from 6.39 in 2017 to 7.24 in 2018. The TRIFR is exclusive of Brazil.

Our lead indicators are monitored to reduce workplace hazards and injuries. Incidents are internally rated against potential or actual consequence and likelihood and assessed for their impact on safety, health, environment, community and financial metrics. This helps us to identify significant incidents that warrant in-depth review and analysis. All significant safety incidents are thoroughly investigated using the incident-cause-analysis method.

Significant incidents are those deemed to have:

- / high potential or actual serious consequences, or recordable incidences and disabling injury.

We will roll out our process standards across all assets in 2019. The Risk Management Standard, and its supporting guidelines, is a critical document across the simplified process standards and its consequence table supports the Incident Reporting and Investigation Process Standard. The Incident Reporting and Investigation Process Standard sets out the process for identifying, elevating and reporting incidents, including safety-related incidents.

Safety programs

Effective safety management means that we:

- / provide a safe working environment with supportive processes and systems
- / empower our workforce to raise safety issues before there is potential for an incident
- / thoroughly investigate incidents when they occur
- / implement controls to reduce the likelihood of recurring incidents using sound risk management practices.

We have a number of initiatives in place to mature our safety culture. Our focus is on developing leadership to play an important part in our safety culture through demonstrating and promoting safety leadership in the workplace. All our employees and the employees of our contract partners are empowered to cease operations if necessary, to ensure the safety of the workforce.

We are committed to preventing work-related injuries and illnesses. Our key safety programs such as the critical risk assurance program are underpinned by internal auditing of compliance against our safety performance standards and identifying opportunities for continuous improvement.



Management approach
Fitness for Work Performance Standard, Medical Programs Performance Standard
ozminerals.com/sustainability

Contractor management

Our projects are delivered in partnership with contractors and suppliers and we rely in part on their capabilities to carry out our operations. Our management system defines the requirements and practices for working with contractors and suppliers. Major contractors sign agreements with requirements consistent with our Code of Conduct, policies and standards. They must share our values and exhibit behaviour that ensures the safety of the workforce.

All contractors are subject to a pre-qualification process and are comprehensively evaluated against criteria including safety, health, environment and community aspects as well risk management, internal auditing processes and employee management.

Minimum performance criteria (safety and environment) and performance criteria (including operating performance and site management) are developed and applied to our contracts.

Training and emergency preparedness

We continuously explore and adopt methods to ensure we grow the capability of leaders and employees. Our crisis management plan outlines the roles, responsibilities and processes that our corporate crisis management team would follow in the event of a crisis. The team includes representatives from operations, legal, commercial, safety, environment, community, media and government relations. We define a crisis as an event that seriously threatens people,

operations, assets, the environment or our long-term prospects and reputation. Our assets have specific emergency management plans that outline the response to be initiated in the event of an onsite emergency. We conduct scenario training with the operating assets' management teams and the corporate crisis management team. We hold regular emergency exercises, both desktop and practical, to test the drills and exercises of our emergency preparedness.





SOCIAL PERFORMANCE

OZ Minerals is committed to building and maintaining strong supportive relationships and partnerships with local people in the areas where we operate, as it drives value creation for both the business and communities.

SUPPORTING DOCUMENTS

Sustainability governance

Sustainability Committee Charter,
Environment and Community Policy,
Ethics and Human Rights Policy
ozminerals.com/about/corporate-governance

Management approach

Risk Management (p. 37) and
Social Performance Standards
ozminerals.com/sustainability/social

Sustainability guidelines

GRI Content Index
ozminerals.com/sustainability

Performance data

Social Performance Data Tables p. 83

Stakeholder engagement

We seek to build and maintain strong, supportive relationships with the host and local communities where we operate. Our assets have community engagement programs that include engagement with regulatory bodies, government agencies, communities, land owners, and connected Indigenous peoples and local landowners within the sphere of influence of the operations and project activities. This ensures input from the local community and government and provides the opportunity for us to understand the environmental, social and economic implications of our projects.

We also engage with key special interest groups and stakeholders who may potentially be affected by the asset's activities to better understand the risks and social impacts. We provide accurate and relevant information in a timely manner and anticipate and proactively address community and stakeholder issues and concerns when consulting with them.

Mechanisms are in place to capture complaints and grievances and ensure they are promptly addressed. Our assets also monitor and review major communication and consultation activities to assess their effectiveness and promote internal and external stakeholder feedback.

All students in Australia, regardless of where they live, should be encouraged to pursue their educational goals. However, university research studies (National Centre for Student Equity in Higher Education) have indicated that a child born or living in remote Australia is only one third as likely to pursue higher education as a child born or living in a major city. Remote students often have unique knowledge, capabilities and perspectives that are a valuable part of a wider Australian culture. In recognition of this, Prominent Hill partnered with the Coober Pedy Area School in 2018 to work together in an effective and productive partnership in a program of activity called Aspirations and Pathways Project 4 Youth (APP4Y).

The objectives of this program are to:

- / assist in work experience through school incursion and excursion programs
- / assist in student aspirations by creating credible pathways for success
- / support education and development opportunities in the Science, Technology, Engineering and Math (STEM) areas.



Management approach
Stakeholder Engagement
Performance Standard
ozminerals.com/sustainability/social

Economic performance and socioeconomic contributions

Operating a sustainable and economically successful company allows us to create economic value for our stakeholders.

We make significant contributions to local, regional and national economies directly through the payment of taxes and royalties to governments, income taxes, social investment, dividends as well as payments to our workforce and suppliers. In 2018 we:

- / paid more than \$59.8 million in wages and benefits
- / paid \$67.6 million in dividends to shareholders
- / contributed \$56.3 million in Government royalties.

Activities at Prominent Hill and Carrapateena significantly contributed to local and regional economies, by \$253.4 million in total.

Operationally, significant value is generated through employment with our contracting partners and us, and investments in community development initiatives and programs. The direct benefits of our investments include improved infrastructure, health, safety awareness, education and training, and local business development.

More details are available in the financial section of this report (p. 97) and in the socioeconomic performance tables of this section of the report (p. 83).



Performance data
Socioeconomic Data Table, p. 83

Community investment and sponsorship

We have contributed to a broad range of local and regional programs. In addition to funding, our employees and contract partners provided in-kind assistance by donating time, expertise and resources for community events and initiatives.

We supported locally-organised initiatives that provide long-term benefits to our host communities and are aligned with the community's wishes. Our sponsorships and community investment initiatives strive to support organisations or projects to achieve sustainable outcomes. We contributed \$0.2 million in sponsorship to local organisations and programs in 2018.



Sponsorship
OZ Minerals Sponsorship Guidelines
ozminerals.com/sustainability

Performance data
Community Investment Data Table,
p. 83

Tax transparency

The Board of Taxation's voluntary Tax Transparency Code (TTC) was endorsed by the Australian Government in 2016 and is designed to encourage greater transparency within the corporate sector of its compliance with Australian tax laws. OZ Minerals supports the initiative to ensure Australian businesses and subsidiaries of multinational companies operating in Australia pay tax on their Australian profits, as required under Australian tax legislation.

OZ Minerals formally registered with the Board of Taxation's TTC in 2018 and present the following information in accordance with the TTC below:

Tax governance

OZ Minerals' objectives of tax risk management are the prevention of disputes with tax authorities

leading to adverse reputational consequence, compliance with regulatory requirements and maximising shareholder value. OZ Minerals seeks to adopt a low tax risk position to ensure potential impacts to the Group are maintained at insignificant levels for tax exposures across its global business. Whilst OZ Minerals is entitled to certain tax concessions in the ordinary course of its business, it has no appetite to seek concessions that are motivated by the avoidance of tax.

Australian tax-related contribution summary

A summary of OZ Minerals' 2018 staff and tax related contributions, to State and Federal tax authorities, is provided in the performance data tables on page 85.



External documents

Board of Taxation's Tax Transparency Code (TTC) taxboard.gov.au

Performance data

Tax data table, p. 85

Local procurement

We seek to create sustainable benefits for the regions around our assets and source local employees and suppliers where possible. We preferentially purchase goods and services locally, within the region or within the state where we operate. National or international procurement is only considered when local procurement is not available or competitive. We also help local businesses to understand our pre-qualification processes and procurement standards. Local and Indigenous land connected peoples are encouraged to apply for positions and tender for business opportunities with our assets.

Our activities contributed \$253 million to South Australian regional and local suppliers and contractors. These figures do not include wages and salaries paid to major contractors or expenditure by contractors in the local region.

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

The Antakirinja Matu-Yankunytjatjara Aboriginal Corporation AMYAC is the organisation of native title holders for the area encompassing a significant portion of the Far North of South Australia, including Coober Pedy and Prominent Hill. In 2015 OZ Minerals and AMYAC established A.M.Y Environmental Services Pty Ltd. (AMYES) a 100% AMYAC owned business at Prominent Hill. The result of the partnership was the establishment of an innovative and unique partnership with AMYAC, creating the organisation AMYES which laid the foundation for AMYAC to develop a waste management business, winning a successful tender to provide integrated Waste Management Services to Prominent Hill and to leverage long term business opportunities beyond the life of the Prominent Hill mine and outside of the resource industry and has illustrated the first step toward real social change for the traditional owner group. Since September 2015 AMYES has demonstrated a commitment to continuous improvement across all aspects of the business. This continuous improvement philosophy extends to the partnership model currently in place with OZ Minerals with the contract being renewed for another two years in 2018.



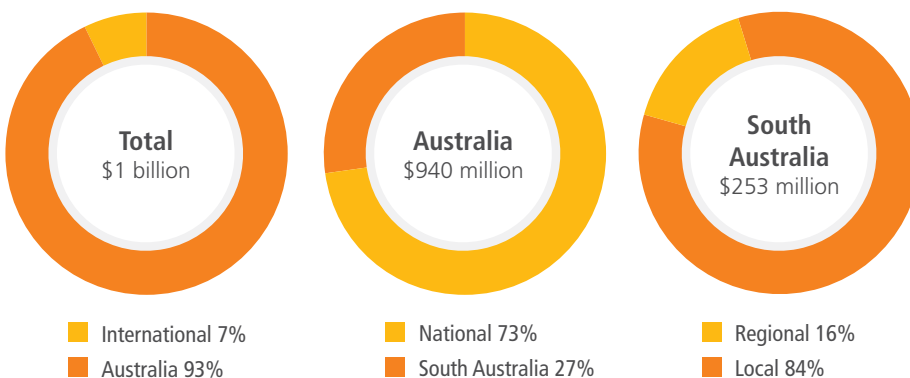
Management approach

Local Enterprise Performance Standard ozminerals.com/about/corporate-governance

Performance data

Procurement Data Table, p. 83

Total spend on suppliers by region





CASE STUDY

CARRAPATEENA LOCAL CONTENT PARTNERING – GLOBAL MAINTENANCE UPPER SPENCER GULF

At the Carrapateena project, OZ Minerals has partnered with a local business organisation, Global Maintenance Upper Spencer Gulf (GMUSG), to drive local content activities and facilitate connecting local businesses to the Carrapateena project supply chain.

The outputs of this process resulted in significant and measurable level of local content, measured as total firms involved and revenue generated. The local content model is transferrable to other OZ Minerals projects and operations.

OZ Minerals has been active in the community, holding a number of events to connect with local suppliers, including presentations at key regional conferences, facilitated lead contractor tours of the region, providing contractors with clear understanding of region capability.

The 2018 Premier's Awards in Energy and Mining recognise excellence demonstrated by leading resources and energy sector companies and organisations in the areas of diversity, working with communities, and innovation. OZ Minerals and Global Maintenance Upper Spencer Gulf won for the Carrapateena project the resources sector award "Excellence in Working With Communities".

Land-connected Indigenous peoples and cultural heritage

A genuine partnership with land-connected Aboriginal and Torres Strait Islander peoples is built on trust, respect and integrity. It allows us to build a common understanding and language, identify opportunities, learn from each other and work towards shared goals. A comprehensive understanding of the culture and social structure of host communities is required to ensure respectful, inclusive and effective engagement. Each asset has dedicated personnel to ensure regular liaison with Indigenous communities. The requirements regarding engagement with Indigenous communities are set out in the Land-Connected Indigenous Peoples Performance Standard. In line with the Standard, each asset must operate in accordance with the principles

of the UN Declaration of the Rights of Indigenous Peoples (UNDRIP). Our partnering approach with Indigenous peoples is based on principles of equality, transparency and mutual benefit. It respects and protects the rights of Indigenous peoples and is in line with the values of Free Prior and Informed Consent (FPIC).

We provide cultural heritage and awareness training and information on how to avoid damage to cultural heritage, along with project obligations and requirements. Cross-cultural awareness training programs are offered to all contractors and employees and they are encouraged to attend. The training includes raising awareness on heritage and artefact finds and working in areas of cultural significance.



Management approach
Land-connected Indigenous Peoples Performance Standard, Cultural Heritage Performance Standard
ozminerals.com/about/corporate-governance

Human rights

Our internal governance is guided by international guidelines, such as the UN Guiding Principles on Business and Human Rights, United Nations Universal Declaration on Human Rights, Voluntary Principles on Security and Human Rights (VP), International Labour Organisations (ILO) Conventions and the International Council on Mining and Metals (ICMM) principles. We further reinforce our expectations of employees through our Code of Conduct. We have a variety of programs to promote a culture of compliance

and ethical business. Asset induction training raises awareness of human rights responsibilities with senior management, employees, contractors (particularly security forces and human resources), and other stakeholders in the asset's sphere of influence. From time to time, we also provide our employees with training on topics covered within the human rights standards. Maintaining and improving our systems and processes helps to ensure there are no human rights violations in our operations or in our supply chain.



Management approach
Ethics and Human Rights Policy and the Human Rights Performance Standard
ozminerals.com/about/corporate-governance

Anti-bribery and corruption

We carried out an internal audit of OZ Minerals' Anti-Bribery and Corruption Standard together with its processes and procedures. The internal audit involved a risk assessment, gap analysis, review of the anti-bribery and corruption compliance materials, and company integration of the compliance program, including within

the newly acquired Brazilian assets. The primary purpose of the internal audit was to identify the bribery and corruption compliance risks OZ Minerals faces, how those risks are currently managed and what improvements could be made to the governance and compliance framework.



SUSTAINABILITY IN PRACTICE

LONG TERM PARTNERING FOR NATIVE VEGETATION

In 2018, OZ Minerals joined in a formal agreement with not-for-profit environmental organisation Nature Foundation in South Australia for significant environmental benefit. This innovative ten-year arrangement provides shared value for OZ Minerals and Nature Foundation. The partnership is forward looking and ensures a robust, long-term focus on environment protection and restoration, while also providing a platform for others to join us and contribute to native vegetation management. We have built a partnership model that creates value beyond the two organisations involved.

The long-term nature of the agreement allows OZ Minerals to meet our obligations to offset clearance of native vegetation – initially in relation to the Carrapateena Construction, Carrapateena Northern Wellfield and the Prominent Hill electricity transmission line, but with scope to add additional projects. Nature Foundation SA will ensure the protection and restoration of South Australia's natural biodiversity with the certainty the long-term partnership and commitment that OZ Minerals provides.



SUSTAINABILITY IN PRACTICE

WEST MUSGRAVE COLLABORATIVE INFRASTRUCTURE DESIGN

Collaboration and knowledge sharing are critical to preventing and managing potential conflict whilst promoting opportunities for shared value. In 2018, the West Musgrave team worked with the Ngaanatjatjara Traditional Owners to undertake extensive cultural heritage survey assessments. The purpose of the cultural heritage survey works was to use local and traditional knowledges of the country to inform the design of the West Musgrave project footprint, including but not limited to the mining and non-processing infrastructure. By undertaking cultural heritage surveys prior to any early engineering or design works, the West Musgrave project has been able to incorporate the Traditional Owners' cultural knowledge in order to respect and protect cultural heritage whilst providing the project with greater optionality and confidence on the options and opportunities around infrastructure development.



HEALTH & WELLBEING

OZ Minerals is committed to high standards of health and wellbeing among its people and is focused on leadership, a supportive workplace culture, building capabilities, implementing prevention controls and promoting the return to work of affected individuals.

SUPPORTING DOCUMENTS

Management approach

Health and Safety Policy
ozminerals.com/about/corporate-governance

Health and wellbeing standards

Medical Programs, Occupational Exposure Control, Fitness for Work, Lone Workers and Remote Travel, Hazardous Materials
ozminerals.com/sustainability

Health and wellbeing programs

We have implemented a series of programs that promote, maintain and enhance a healthy lifestyle, in view of the impact of physical, mental, emotional and social health on overall employee wellbeing. Our fitness-for-work program includes a wide range of activities and education in fatigue management, employee assistance programs, role-based assessments, ergonomic assessments, fitness, and drug and alcohol programs. We intend to provide employees with the necessary education and information to self-manage their fitness-for-work. We have a fit-for-work alcohol and drug policy at all of our assets.

Mental health is an important health risk that continues to be a concern across the mining industry. We offer an employee assistance program (EAP) with free, professional and

confidential counselling to all employees, contractors, and their immediate family members. The EAP is provided through a leading global health and wellness company and helps to address work or personal issues through a network of accredited counsellors. We have trained our first groups of mental-health first-aiders at Prominent Hill and Carrapateena, and plans are in place to increase the number of trained personnel across our assets.

We offer an array of benefits to our employees including performance-based incentive plans, career development opportunities, paid parental leave and health and wellbeing services, such as health insurance, medical check-ups and health education programs.



Management approach
Fitness for Work Performance Standard, Medical Programs Performance Standard
ozminerals.com/about/corporate-governance

Business ethics and ethical conduct training

The Code of Conduct, the highest order of corporate governance, outlines the importance of – and OZ Minerals’ commitment to – maintaining an open working environment in which employees and contractors are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

OZ Minerals has appointed STOPline as the disclosure line to report unacceptable conduct confidentially and anonymously under the Whistleblower Policy. STOPline ensures best practice and the highest level of independence, as well as impartiality and confidentiality in the receipt and management of concerns relating to unacceptable conduct. STOPline offers a simple and highly confidential solution to the difficult

issues of ethics, compliance, risk management and corporate governance.

Our mandatory online training courses reinforce our Code of Conduct and the information in our policies. We provide training and education on key legal and ethical risk areas. Our employees enrol in online learning courses that include our equal employment opportunity program and ethics and conduct program, as well as an anti-harassment and bullying program. Each program includes awareness training based on site-specific needs. A new OZ Minerals online interactive induction program was launched during the year which further reinforces our Code of Conduct, policies and performance standards.

Training and education

We offer a wide range of development opportunities, including formal programs, technical and compliance training, online learning and mentoring. This year our workforce undertook 27,767 hours of employee training, mostly at Prominent Hill and also at the Carrapateena project which is developing an operational workforce ahead of commissioning scheduled for Quarter 4 2019 where the majority of our employees are based.

Our modern mining culture underpins our approach to education and training with our

How We Work Together Principles providing the foundation of how we conduct our activities. Leadership training is designed to build a more collaborative and innovative workplace supported by a flexible working environment.

Specific training across the company spans inductions, safety, business ethics, specific role and development related education, and education and training designed to lift the capability of the workforce including leadership development.



Performance data
Employment Data Table, p. 86

Diversity and inclusion

Women comprise 22 per cent of the workforce directly employed by OZ Minerals. Some individual contributors and functional leadership areas have more than 25 per cent female representation.

We offer competitive remuneration for our employees that reflects the job type, years of experience, and the length of time employees have held their position. We review the earnings annually by gender and job band level to make sure that employee remuneration remains equitable and in line with market trends.

All employees are entitled to parental leave. In 2018, nine women and men took parental leave

and nine returned to work after their parental leave had ended. A retention rate of 75 per cent was maintained after 12 months.

Twenty five per cent of our total workforce is covered by collective bargaining agreements.

We value diversity in our workforce as it helps us to innovate and do things differently. We seek to create an inclusive work environment that encourages diversity, which in turn provides us with a strategic advantage that stems from applying a variety of capabilities, ideas and insights into problem solving and decision making.



Management approach
Diversity and Inclusion Policy
ozminerals.com/about/corporate-governance

Performance data
Diversity Data Table, p. 86



SUSTAINABILITY IN PRACTICE

PEOPLE AND PERFORMANCE IN A MODERN MINING COMPANY

OZ Minerals' move to the Adelaide Airport business district in mid-2018 reflects our aspiration to be a modern mining company. A purpose-built, open-plan layout facilitates our flexible and activity-based working requirements, breaks down hierarchy, and promotes collaboration and innovation – key cultural aspirations supporting our modern mining company vision.

Our new work environment is underpinned by our How We Work Together principles and enables more opportunities to connect with site-based employees. It also facilitates the right frame of mind for us to generate (and keep generating) imaginative solutions to enable our growth strategy. A modern facility supported by a modern mindset and work approach.

Sustainability performance data

Figures exclude Brazil operations as they were acquired part way during the year and will be reflected in subsequent year reports.

Environment

Energy

Energy consumption (GJ)	Energy consumed	Energy produced	Energy consumed (net)
Prominent Hill	2,268,153	783	2,267,370
Carrapateena	228,804	25,605	203,199
Group office	1,162	0	1,162
Total	2,498,119	26,388	2,471,731

Emissions

Total direct and indirect emissions	2017-2018	2016-2017	2015-2016	2014-2015
Greenhouse gas emissions Scope 1 (t CO ₂ -e) ^(a)	85,258	105,648	142,669	180,290
Greenhouse gas emissions Scope 2 (t CO ₂ -e) ^(b)	167,980	177,306	190,825	199,209
Total of Scope 1 and Scope 2 (t CO ₂ -e)	253,238	282,954	333,494	379,499
Methane CH ₄ (t CO ₂ -e)	115	146	198	267
Nitrous Oxide N ₂ O (t CO ₂ -e)	288	342	446	567
Sulphur Hexafluoride SF ₆ (t CO ₂ -e)	11	11	11	11
Oxides of nitrogen (t)	632	342	994	1,242
Sulphur dioxide (t)	0.45	1.30	0.85	1.11
Total volatile organic compounds (VOC) (t)	35	108	52	86
Particulate matter < 10 um (t)	2,180	3,310	4,488	5,899

Note: The reporting period is July 2017 to June 2018. The energy and emissions boundary is based on operational control as defined by the National Greenhouse and Energy Reporting (NGER) Act 2007. The applied global warming potential (GWP) rates and emission factors are based on the NGER Act (2007) and the National Pollutant Inventory.

^(a) Scope 1 refers to emissions produced directly by operations, primarily resulting from combustion of various fuels and includes CO₂-equivalent values for greenhouse gases such as CH₄, N₂O and SF₆.

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

Water withdrawal

Water withdrawal Surface (ML) water	Surface water	Groundwater (mine dewatering)	Groundwater (wellfield)	Rainwater	Municipal water supply	Total recycled	% Total recycled
Prominent Hill	0	523	5,337	0	0	283	5%
Carrapateena	0	198	436	0	2	0	0%
Total	0	721	5,773	0	2	283	5%

Water discharge

Water discharge (ML)	Subsurface	Surface	Sewers	Land (dust suppression)	Land	Treatment facilities	Groundwater
Prominent Hill	0	0	0	496	0	331	0
Carrapateena	0	0	0	147	28	3	8
Total	0	0	0	643	28	334	8

Waste

Mineral waste	Overburden & waste rock (t)	Material moved (t)	Total ore mined (t)	Liquid fossil fuels (kL)*	Lubricants (kL)*	Explosives (t)*
Prominent Hill	1,443,016	6,575,586	5,132,570	26,111	578	3,671
Carrapateena	601,688	1,257,526	0	4,947	71	368
Total	2,044,704	7,833,112	5,132,570	31,058	649	4,039

*The reporting period for liquid fossil fuels, lubricants and explosives is July 2017 to June 2018 and reported as part of the National Pollutant Inventory.

Non-mineral waste

Non-mineral waste	Solid recycled (t)	Liquid recycled (l)	Landfill (t)	Incineration (t)	On-site storage (t)	Hazardous transported (t)
Prominent Hill	74,325	58,701	827	168	0	34
Carrapateena	76	0	757	0	0	43
Total	74,401	58,701	1,584	168	0	77

Rehabilitation and closure

Land management (ha)	Total landholding	Mine footprint	Land disturbed	Land rehabilitated
Prominent Hill	11,401	2,039	1.3	0
Carrapateena	43,873	430	275	1
Total	55,274	2,469	276	1

Environmental compliance

Total volume of significant spills	700 kL saline water, 3 kL diesel
Monetary value of significant fines (\$A)	\$0

Social*

Socioeconomic contribution

\$millions	Revenues	Operations	Employees	Payments to providers of capital		Payments to government		Community investment	Economic value retained
				Dividend payments to shareholders	Providers of funds	Income taxes expense ^(b)	Royalties ^(b)		
Region	Revenue, other income and financing income ^(b)	Operating expenses	Employee benefit expenses ^(b)	Dividend payments to shareholders	Providers of funds	Income taxes expense ^(b)	Royalties ^(b)	Community investments ^(c)	
South Australia ^(a)	1,081.3	(495.5)	(58.3)	(67.6)	(4.2)	(95.2)	(52.5)	(0.2)	307.8
Brazil	50.5	(46.2)	(1.5)	–	(0.9)	4.7	(3.8)	–	2.8
Total OZ Minerals	1,131.8	(541.7)	(59.8)	(67.6)	(5.1)	(90.5)	(56.3)	(0.2)	310.6

Overview revenues

Categories	\$millions
Revenue	1,117.0
Other income	2.8
Financing income	12.0
Total	1,131.8

Overview operating expenses

Categories	\$millions
Changes in inventories	(83.7)
Raw materials	(283.5)
Exploration and evaluation	(67.2)
Freight expenses	(72.9)
Net foreign exchange	7.2
Other expenses	(41.6)
Total	(541.7)

Overview community investment

Categories	\$millions
Community appeal	(0.08)
Education	(0.02)
Health	(0.08)
Industry ^(c)	(0.02)
Total	(0.2)

Procurement

Region	\$millions
South Australia - local	(212.7)
South Australia - regional	(40.7)
National	(687.2)
International	(71.9)
Total	(1,012.4)

^(a) Amounts are divided into the regions identified below based on where the segment is located (i.e. Prominent Hill is located in South Australia). The regions include the following entities: South Australia: Corporate Office, Prominent Hill Mine, Carrapateena; Overseas: Brazil. The entities located outside Australia are not defined as operating segments of OZ Minerals

^(b) As disclosed in the income statement of the OZ Minerals audited financial statements for the year ended 31 December 2018.

^(c) The community investment category 'Industry' includes sponsorships events and money paid to industry associations to support various events and activities related to the mining industry.

* Includes information for Brazil for the second half of 2018 only.

Stakeholder engagement

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

Tax

Australian tax-related contribution summary	\$millions
Corporate income tax*	146.3
Government royalties	52.5
State payroll taxes and other	3.7
Total	202.5
Employee PAYG	20.8

*Corporate Income Tax represents cash outflows in 2018 in relation to the following:
/ Income tax payment for December 2017 totalling \$82.9 million
/ Monthly PAYG instalments paid during the 2018 income year totalling \$63.4 million

Reconciliation of accounting profit to income tax expense	\$millions
Profit before income tax expense	312.9
Tax at Australian tax rate of 30%	(93.9)
Non deductible expenditure	(1.4)
Variation in overseas tax	1.8
Revision for prior periods	(0.2)
Recognition of previously unrecognised tax losses	7.4
Derecognition of overseas losses	(4.2)
Income tax expense	(90.5)

Global & Australian effective tax rate	Global (\$millions)	Australia (\$millions)
Accounting (loss)/profit before income tax expense	312.9	321.0
Income tax expense	(90.5)	(89.5)
Effective tax rate	28.9%	27.9%

Reconciliation to income tax payable*	31 December 2018 (\$millions)
Profit before income tax expense	321.0
Permanent differences	26.9
Temporary differences	
– Difference in accounting and tax depreciation	(55.6)
– Provisions and accruals	(1.2)
– Derivatives	(28.4)
– Exploration deductions	(56.4)
– Other	(20.6)
Taxable income before utilisation of carried forward restricted tax losses	185.7
Utilisation of carried forward restricted tax losses	(22.1)
Taxable income after utilisation of carried forward losses	163.6
Australian income tax payable	49.1
PAYG instalments for December 2018	(51.9)
Net income tax payable post PAYG installments	(2.8)

* Figures exclude Brazil operations as they were acquired part way during the year and will be reflected in subsequent year reports.

International related party dealings

In addition to the above disclosures, the Tax Transparency Code (TTC) also requires disclosure of international related party dealings. For the year ended 31 December 2018, OZ Minerals had dealings with international related parties in Brazil relating to financial and technical services. The dealings had no material impact on the business's Australian taxable income for the purposes of the TTC disclosures.

Health and wellbeing

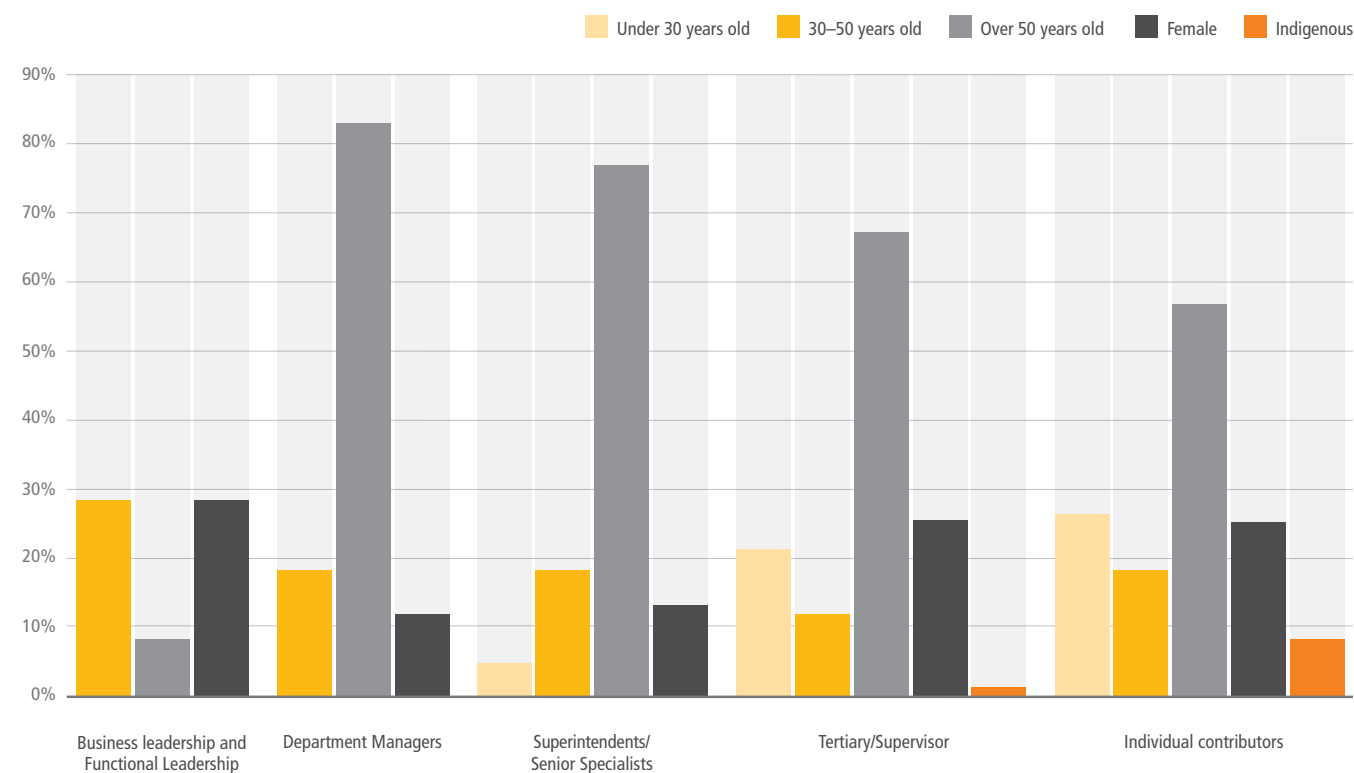
Diversity

Profile 2018	Full time		Part time		Fixed term		Casual		Employees	Contractors			Workforce
	M	F	M	F	M	F	M	F		Total	M	F	
Australia	262	65	1	6	26	9	4	2	375	2025	239	2,264	2,639

New employees 2018	Age group <36		Age group 36–55		Age group >55		Total
	M	F	M	F	M	F	
Australia	24	11	41	16	3	0	95

Turnover 2018	Age group <36		Age group 36–55		Age group >55		Total
	M	F	M	F	M	F	
Australia	6%	15%	11%	16%	29%	17%	12%

Employee diversity at OZ Minerals



Safety

Safety performance

	2018	2017	2016	2015
Employee fatalities	0	0	0	0
Contractor fatalities	0	0	0	0
TRIFR (employees and contractors)	7.24	6.39	6.80	5.30
LTIFR (employees and contractors)	0.93	0.36	1.07	0.90
Significant safety incidents ^(a)	63	65	71	61

^(a) As defined by OZ Minerals internal classification.



Independent Limited Assurance Report to the Directors of OZ Minerals Ltd



Information Subject to Assurance

The Selected Sustainability Information, as presented in the OZ Minerals Ltd (the "Company") Annual Report 2018 and available on OZ Minerals Ltd's website, comprised the following:

Selected Sustainability Information	Value assured
Fatalities	0
Total Recordable Injury Frequency Rate (TRIFR)	7.24
Lost Time Injury Frequency Rate (LTIFR)	0.93
Greenhouse gas emissions Scope 1 (t CO ₂ -e) July 2017 – June 2018	85,258
Greenhouse gas emissions Scope 2 (t CO ₂ -e) July 2017 – June 2018	167,980
Energy consumed (GJ)	2,498,119
Energy produced (GJ)	26,388

Criteria Used as the Basis of Reporting

The criteria used in relation to the Annual Report content are the GRI Standards published by the Global Reporting Initiative (GRI) and Company specific definitions.

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 and ASAE3410 (the Standards). In accordance with the Standards we have:

- / used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Selected Sustainability Information, whether due to fraud or error;
- / considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- / ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- / enquiries with relevant OZ Minerals Ltd personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- / reviews of relevant documentation;
- / analytical procedures over the Selected Sustainability Information;
- / site visits to Corporate Head Office (Adelaide) and Carrapateena mine site;
- / walkthroughs of the Selected Sustainability Information to source documentation;
- / agreeing the Selected Sustainability Information included in the Annual Report to relevant underlying sources on a sample basis;
- / an assessment that the indicators reported were in accordance with the GRI Standards; and
- / reviewing the sustainability section of the Annual Report in its entirety to ensure it is consistent with our overall knowledge of the Company.

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Selected Sustainability Information, which has been prepared by OZ Minerals Limited in accordance with GRI Standards for the year ended 31 December 2018.



How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of OZ Minerals Ltd.

Use of this Assurance Report

This report has been prepared for the Directors of OZ Minerals Ltd for the purpose of providing an assurance conclusion on the Selected Sustainability Information and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of OZ Minerals Ltd, or for any other purpose than that for which it was prepared.

Management's responsibility

Management are responsible for:

- / determining that the criteria is appropriate to meet the needs of intended users, being OZ Minerals Ltd and their stakeholders;
- / preparing and presenting the information subject to assurance in accordance with the criteria. This includes disclosing the criteria, including any significant inherent limitations;
- / establishing internal controls that enable the preparation and presentation of the information subject to assurance that is free from material misstatement, whether due to fraud or error;
- / advising us of any known and/or contentious issues relating to the information subject to assurance; and
- / maintaining integrity of the website.

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 31 December 2018, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

KPMG

KPMG

Melbourne

27 February 2019





MINERAL RESOURCES AND ORE RESERVES

Mineral Resources and Ore Reserves

OZ Minerals' updated Minerals Resource and Ore Reserve estimates are released as of 30 June each year, or as necessitated by material changes to projects. Several additions were made to OZ Minerals' portfolio throughout 2018, with the reporting of the initial Fremantle Doctor Mineral Resource estimate in the Carrapateena province.

The joint venture with Cassini Resources reached another milestone with OZ Minerals earning 51% ownership of the project, introducing the Nebo-Babel and Succoth Mineral Resources in the West Musgraves province into the group reporting for the first time.

Several Mineral Resource and Ore Reserve estimates were received as part of the Avanco Resources acquisition in mid-2018. However, these have not been restated in the Annual Report as they are currently under review as part of the integration process.

OZ Minerals' Group Mineral Resource is estimated at 4.8 million tonnes of copper and 8.9 million ounces of gold. Group Ore Reserves are estimated at 2.1 million tonnes of copper and 3.1 million ounces of gold.

The information in the section is drawn from the following releases:

Deposit	Estimate date	Release date
Prominent Hill Mineral Resources and Ore Reserves 2017	30-Jun-17	21-Nov-17
Prominent Hill Mineral Resources and Ore Reserves 2018	30-Jun-18	12-Nov-18
Carrapateena Mineral Resources 2017	18-Nov-16	24-Aug-17
Carrapateena Ore Reserves 2017	4-Aug-17	24-Aug-17
Fremantle Doctor Mineral Resource 2018	12-Nov-18	12-Nov-18
Nebo-Babel Mineral Resource	14-Nov-17	14-Nov-17

Note: All Mineral Resources and Ore Reserves are estimates. The Mineral Resource and Ore Reserve statements for Prominent Hill, Carrapateena, and Fremantle Doctor, and their accompanying explanatory notes can be viewed in full at: ozminerals.com/operations/resources-reserves.html. The Mineral Resource statement for Nebo-Babel and their accompanying explanatory notes can be viewed in full at: ozminerals.com/uploads/media/171114_West_Musgrave_Project_to_progress_to_Pre-Feasibility_Study.pdf

Summary of significant changes since 2017

There have been no changes to the Mineral Resource estimates of Carrapateena, Nebo-Babel and Succoth or the Carrapateena Ore Reserve estimate throughout 2018.

Fremantle Doctor in the Carrapateena province released its initial Inferred Mineral Resource estimate in November 2018.

The Prominent Hill Open Pit Mineral Resource and Ore Reserves were fully depleted, with open pit mining operations completed in March 2018.

Mining depletion of estimated underground Mineral Resources at Prominent Hill were offset by a lower reporting cut-off grade and through growth as a result of diamond drilling in the 30 June 2018 update. Surface ore stockpiles growth was wholly attributable to open pit mining.

Depletion through underground mining was offset through ore reserve growth as a result of diamond drilling. Reflecting an improving geological confidence, the Proved Ore Reserve within the underground mining area has increased by approximately nine million tonnes, noting that the Probable Ore Reserve has decreased by this same amount.

Mineral Resources

Copper Mineral Resources

Category	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Koz	Ag Moz
Prominent Hill underground – \$52/t cut-off							
Measured	50	1.3	0.6	3	650	890	5
Indicated	23	1.1	0.6	3	240	430	2
Inferred	46	1	0.6	2	480	850	4
Total	119	1.2	0.6	3	1,400	2,200	11
Prominent Hill surface stocks – \$16/t cut-off							
Measured	13	0.8	0.5	2	110	200	1
Indicated	0	0	0	0	0	0	0
Inferred	0	0	0	0	0	0	0
Total	13	0.8	0.5	2	110	200	1
Carrapateena – \$70/t cut-off							
Measured	61	1.4	0.6	6	880	1,180	12
Indicated	65	1.6	0.6	7	1,030	1,300	15
Inferred	8	0.8	0.4	4	60	90	1
Total	134	1.5	0.6	7	1,970	2,570	28
Fremantle Doctor – 0.4% Cu cut-off							
Measured	0	0	0	0	0	0	0
Indicated	0	0	0	0	0	0	0
Inferred	104	0.7	0.5	3	800	3,120	10
Total	104	0.7	0.5	3	800	3,120	10
Succoth – 0.3% Cu cut-off^(a)							
Measured	0	0	0	0	0	0	0
Indicated	0	0	0	0	0	0	0
Inferred	156	0.6	0	0	943	0	0
Total	156	0.6	0	0	943	0	0
Total							
Measured	124	1.3	0.6	4	1,640	2,270	18
Indicated	88	1.4	0.6	5	1,270	1,730	17
Inferred	314	0.7	0.8	2	2,283	4,060	15
Total	526	0.9	0.7	4	5,193	8,060	50

^(a) This information was extracted from the Cassini Resources' ASX Release entitled *Maiden Succoth Resource Estimate* dated 7 December 2015 and is available at cassiniresources.com.au/investorrelations/asx-announcements. OZ Minerals currently has a 51% stake in the West Musgrave Project, however the data above is reported on a 100% asset basis.

Gold Mineral Resources

Category	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Koz	Ag Moz
Prominent Hill underground – \$52/t cut-off							
Measured	0	0	0	0	0	0	0
Indicated	2	0	2.3	1	0.9	160	0.1
Inferred	3	0	2.7	0.7	1.3	250	0.1
Total	5	0	2.6	0.8	2.2	410	0.1
Prominent Hill surface stocks – \$16/t cut-off							
Measured	15	0.1	0.8	2	17	380	1
Indicated	0	0	0	0	0	0	0
Inferred	0	0	0	0	0	0	0
Total	15	0.1	0.8	2	17	380	1
Total							
Measured	15	0.1	0.8	2	17	380	1
Indicated	2	0	2.3	1	0.9	160	0.1
Inferred	3	0	2.7	0.7	1.3	250	0.1
Total	20	0.1	1.2	2	19	790	1

Nickel Mineral Resources^(a)

Category	Tonnes Mt	Ni %	Cu %	Co ppm	Ni kt	Cu kt	Co kt
Babel – 0.25% Ni cut-off							
Measured	0	0	0	0	0	0	0
Indicated	74	0.4	0.4	132	270	305	10
Inferred	169	0.3	0.4	123	560	630	21
Total	243	0.3	0.4	126	830	935	31
Nebo – 0.25% Ni cut-off							
Measured	0	0	0	0	0	0	0
Indicated	38	0.5	0.4	211	185	165	8
Inferred	2	0.4	0.3	149	5	5	0
Total	40	0.5	0.4	200	190	170	8
Total							
Measured	0	0	0	0	0	0	0
Indicated	112	0.4	0.4	158	455	470	18
Inferred	171	0.3	0.4	124	565	635	21
Total	283	0.4	0.4	137	1,020	1,105	39

^(a) This information is extracted from the Cassini Resources Limited *Further Scoping Study (FSS) Summary* released on 14 November 2017 by OZ Minerals and Cassini Resources Limited in the ASX Release titled *West Musgrave Project to progress to Pre-Feasibility Study* released on 14 November 2017 and is available at ozminerals.com/uploads/media/171114_West_Musgrave_Project_to_progress_to_Pre-Feasibility_Study.pdf. OZ Minerals currently has a 51% stake in the West Musgrave Project, however the data above is reported on a 100% asset basis.

Ore Reserves

Copper Ore Reserve

Category	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Koz	Ag Moz
Prominent Hill underground							
Proved	28	1.4	0.6	3	410	510	3
Probable	12	1.1	0.7	3	120	250	1
Total	40	1.3	0.6	3	530	760	4
Prominent surface stocks							
Proved	13	0.8	0.5	2	110	200	1
Probable	0	0	0	0	0	0	0
Total	13	0.8	0.5	2	110	200	1
Carrapateena							
Proved	0	0	0	0	0	0	0
Probable	79	1.8	0.7	9	1,400	1,800	22
Total	79	1.8	0.7	9	1,400	1,800	22
Total							
Proved	41	1.3	0.5	3	520	710	4
Probable	91	1.7	0.7	8	1,520	2,050	23
Total	132	1.5	0.7	6	2,040	2,760	27

Gold Ore Reserve

Category	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au Koz	Ag Moz
Prominent surface stocks							
Proved	15	0.1	0.8	2	17	380	1
Probable	0	0	0	0	0	0	0
Total	15	0.1	0.8	2	17	380	1

Material changes in the Mineral Resource and Ore Reserve estimates

OZ Minerals is not aware of anything that materially affects the information contained in the Carrapateena or Nebo-Babel estimates since they were last reported.

OZ Minerals is not aware of anything that materially affects the information contained in the Prominent Hill Mineral Resources and Ore Reserves Statement, 30 June 2018 other than changes due to depletion since 1 July 2017. Depletion for the six months to 31 December 2018 amounts to approximately 4.8 million tonnes at 1.3% Cu, 0.6 g/t Au and 3 g/t Ag.

OZ Minerals is currently undertaking a scoping study on an expansion of Carrapateena. This will be released later in Quarter 1, 2019 along with an updated mineral resource.

Competent persons statement

The information in this report that relates to the mineral resources and ore reserves listed in the table below is based on, and fairly represents, information and supporting documentation prepared by the competent person whose name appears in the same row. Each person named in the table below has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which they have undertaken to qualify as a competent person as defined in the JORC Code 2012. As a whole, the Mineral Resources and Ore Reserves Statement in this report has been approved by each person named in the table below. Each person is a member of the Australasian Institute of Mining and Metallurgy and consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

OZ Minerals' employees acting as a competent person may be shareholders in OZ Minerals Limited and are entitled to participate in the OZ Minerals Performance Rights Plan.

Asset	Estimate	Name	AusIMM Number
Prominent Hill	Mineral Resource	Colin Lollo	225331
Prominent Hill	Ore Reserve	Hendric Hendric	321723
Carrapateena	Mineral Resource	Stuart Masters	108430
Carrapateena	Ore Reserve	Murray Smith	111064
Fremantle Doctor	Mineral Resource	Heather Pearce	109714

Nebo-Babel and Succoth are part of the OZ Minerals and Cassini Resources Ltd Joint Venture for the West Musgrave Project of which OZ Minerals has a 51% majority. Mineral Resources for Nebo-Babel and Succoth were undertaken on behalf of Cassini Resources Ltd prior to OZ Minerals reaching 51%. There has been no material change to these Mineral Resources.

Mineral Resources reported in this document for the Nebo and Babel deposits were compiled by Mr Andrew Weeks of Golders Associates Pty Ltd on behalf of Cassini Resources (as at 14 November 2017). There has been no change.

Mineral Resources reported in this document for the Succoth deposit were compiled by Mr Aaron Green of CSA Global on behalf of Cassini Resources (as at 7 December 2015). There has been no change.

Governance arrangements

OZ Minerals has established Mineral Resource and Ore Reserve processes, which establish company-wide consistency, rigour and discipline in the preparation and reporting of Mineral Resources and Ore Reserves in accordance with industry best practice.

Updates to Mineral Resource and Ore Reserve estimates compiled during 2018 were completed in accordance with the OZ Minerals guiding principles, suitably modified to meet current company structures, delegated authorities and estimate requirements.

These 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 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.



FINANCIAL REPORT

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 of OZ Minerals Limited for the financial year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Paul Cenko'.

Paul Cenko

Partner

Adelaide

27 February 2019

Consolidated statement of comprehensive income

	Notes	2018 \$m	2017 \$m
Revenue	1	1,117.0	1,023.1
Other income		2.8	5.0
Mining		(310.1)	(553.5)
Processing		(146.5)	(127.3)
Freight		(72.9)	(63.6)
Site administration		(41.1)	(42.9)
Royalties		(56.3)	(52.9)
Inventory movement		(83.7)	190.2
Corporate administration		(29.0)	(23.4)
Exploration and corporate development		(67.2)	(21.4)
Other expenses		(14.2)	(6.3)
Foreign exchange gain/(loss)		7.2	(6.3)
Profit before interest and income tax		306.0	320.7
Finance income		12.0	12.5
Finance expense		(5.1)	(3.8)
Profit before income tax		312.9	329.4
Income tax	3	(90.5)	(98.3)
Profit for the year attributable to equity holders of OZ Minerals Limited		222.4	231.1
Other comprehensive income			
<i>Items that will not be reclassified subsequently to future Income Statements</i>			
Change in fair value of investments in equity securities, net of tax		(6.7)	(0.2)
<i>Items that may be reclassified subsequently to future to Income Statements</i>			
Net (losses)/gains on cash flow hedges, net of tax		(17.8)	(7.2)
Foreign operations – foreign currency translation differences		18.9	–
Other comprehensive loss for the year, net of tax		(5.6)	(7.4)
Total comprehensive income for the year attributable to equity holders of OZ Minerals Limited		216.8	223.7
		cents	cents
Basic and diluted earnings per share (cents)	2	71.5	77.4

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes. The presentation of the consolidated statement of comprehensive income statement has been changed as set out on page 103 to provide more meaningful presentation of the consolidated entities operations and the prior period comparatives restated to align with the new presentation.

Consolidated statement of changes in equity

For the year ended 31 December 2018	Notes	Issued capital	Retained earnings	Cash flow hedge reserve	Treasury shares	Foreign currency translation reserve	Non-controlling interest	Total equity
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance as at 1 January 2018		2,029.0	492.3	(3.6)	(1.4)	–	–	2,516.3
Total comprehensive income for the year								
Profit for the year		–	222.4	–	–	–	–	222.4
Other comprehensive income/(loss)		–	(6.7)	(17.8)	–	18.9	–	(5.6)
Total comprehensive income/(loss) for the year		–	215.7	(17.8)	–	18.9	–	216.8
Transactions with owners, recorded directly in equity								
Shares issued – acquisition of Avanco	10, 14	245.0	–	–	–	–	–	245.0
Non-controlling interest in acquisition of Avanco		–	–	–	–	–	(121.9)	(121.9)
Non-controlling interest acquired during the year		–	–	–	–	–	121.9	121.9
Dividends	4	–	(67.6)	–	–	–	–	(67.6)
Share-based payment transactions, net of income tax		–	4.5	–	0.2	–	–	4.7
Equity issued under employee share plan	10, 11	6.4	(6.4)	–	–	–	–	–
Total transactions with owners		251.4	(69.5)	–	0.2	–	–	182.1
Balance as at 31 December 2018		2,280.4	638.5	(21.4)	(1.2)	18.9	–	2,915.2
For the year ended 31 December 2017								
	Notes	Issued capital \$m	Retained earnings \$m	Cash flow hedge reserve \$m	Treasury shares \$m			Total equity \$m
Balance as at 1 January 2017		2,029.0	323.8			3.6	(2.1)	2,354.3
Total comprehensive income for the year								
Profit for the year		–	231.1			–	–	231.1
Other comprehensive gain/(loss)		–	(0.2)			(7.2)	–	(7.4)
Total comprehensive income for the year		–	230.9			(7.2)	–	223.7
Transactions with owners, recorded directly in equity								
Dividends	4	–	(59.7)			–	–	(59.7)
Share-based payment transactions, net of income tax		–	5.3			–	–	5.3
Purchase of treasury shares		–	–			–	(7.3)	(7.3)
Exercise of performance rights		–	(8.0)			–	8.0	–
Total transactions with owners		–	(62.4)			–	0.7	(61.7)
Balance as at 31 December 2017		2,029.0	492.3			(3.6)	(1.4)	2,516.3

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

Consolidated balance sheet

At 31 December 2018	Notes	2018 \$m	2017 \$m
Current assets			
Cash and cash equivalents		505.1	729.4
Trade receivables		70.9	121.9
Lease receivables		–	19.6
Other receivables		22.2	10.8
Tax receivable		4.9	–
Inventories	5	276.8	262.5
Prepayments		6.3	3.9
Derivative financial instruments	12	17.9	–
Total current assets		904.1	1,148.1
Non-current assets			
Deferred tax assets	3	2.5	–
Inventories	5	401.6	484.4
Other assets		57.1	18.0
Property, plant and equipment	7	2,077.6	1,175.8
Total non-current assets		2,538.8	1,678.2
Total assets		3,442.9	2,826.3
Current liabilities			
Trade payables and accruals		145.1	94.1
Other payables		7.1	3.5
Current tax provision		–	101.1
Employee benefits		12.7	10.0
Provisions	8	3.9	6.7
Derivative financial instruments	12	9.3	11.6
Total current liabilities		178.1	227.0
Non-current liabilities			
Deferred tax liabilities	3	264.6	47.4
Employee benefits		1.5	1.8
Provisions	8	59.3	29.1
Derivative financial instruments	12	24.2	4.7
Total non-current liabilities		349.6	83.0
Total liabilities		527.7	310.0
Net assets		2,915.2	2,516.3
Equity			
Issued capital	10	2,280.4	2,029.0
Cash flow hedge reserve		(21.4)	(3.6)
Retained earnings		638.5	492.3
Treasury shares		(1.2)	(1.4)
Foreign currency translation reserve		18.9	–
Total equity attributable to equity holders of OZ Minerals Limited		2,915.2	2,516.3

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 2018	Notes	2018 \$m	2017 \$m
Cash flows from operating activities			
Receipts from customers		1,204.1	1,000.3
Payments to suppliers and employees		(550.2)	(568.5)
Payments for exploration and evaluation		(67.6)	(21.6)
Income tax paid		(148.7)	(79.2)
Financing costs		(1.0)	(0.9)
Interest received		13.0	12.8
Net cash inflows from operating activities	6	449.6	342.9
Cash flows from investing activities			
Payment for property, plant and equipment		(426.4)	(151.2)
Payment for Avanco, net of cash acquired	14	(183.3)	–
Payment for Carrapateena evaluation expenditure ¹		–	(45.8)
Net cash outflows from investing activities		(609.7)	(197.0)
Cash flows from financing activities			
Dividends paid to shareholders	4	(67.6)	(59.7)
Payments for acquisition of treasury shares		–	(7.3)
Net cash outflows from financing activities		(67.6)	(67.0)
Net increase/(decrease) in cash held		(227.7)	78.9
Cash and cash equivalents at beginning of the year		729.4	655.7
Effects of exchange rate changes on foreign currency denominated cash balances		3.4	(5.2)
Cash and cash equivalents at the end of the year		505.1	729.4

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

¹ In the second half of 2017, Carrapateena expenditure was included within payments for property, plant and equipment (PPE). Carrapateena capital expenditure incurred in 2018 is also included within payments for PPE.

Notes to the consolidated financial statements

Group performance

The principal business activities of OZ Minerals Limited (OZ Minerals or the Company) and its controlled entities (collectively the 'Consolidated Entity' or the 'Group') were the mining and processing of ore containing copper, gold and silver, undertaking exploration activities and development of mining projects.

The Company is incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. OZ Minerals' registered office relocated to 2 Hamra Drive, Adelaide Airport, South Australia 5950, Australia, effective 22 June 2018.

The Consolidated Financial Statements of OZ Minerals Limited and its controlled entities for the year ended 31 December 2018:

- / include general purpose financial statements prepared by a for-profit entity in accordance with Australian Accounting Standards (AASBs) and the Corporations Act 2001, and comply with International Financial Reporting Standards (IFRS)
- / are presented in Australian dollars which is also the functional currency of its principal operations. The financial statements of the Company include consolidation of its subsidiaries referred to in Note 14, including entities acquired on acquisition of Avanco Resources Limited (Avanco).
- / have amounts rounded off to within the nearest million dollars to one decimal place unless otherwise stated, in accordance with Instrument 2016/191, issued by the Australian Securities and Investments Commission.

The 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, or otherwise, in accordance with the provisions of applicable accounting standards:

- / financial instruments, including trade receivables
- / derivative financial instruments
- / items of inventory and property, plant and equipment which have been written down in accordance with applicable accounting standards.

Other than the final dividend for the year ended 31 December 2018 as discussed in Note 4, no events 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.

The presentation of the Statement of Comprehensive Income has been changed to better represent how the business is managed. This change has no impact on the results. Now, financial information is aggregated according to function which gives a better representation of the financial performance of the Consolidated Group taking into account the acquisition of Avanco, the advanced stage of Carrapateena and an increasing operational focus. The presentation of the comparative period has also been changed to align with the new presentation.

The detail of the reclassifications has not been disclosed as the presentation by nature cannot be readily mapped into function.

Group performance

1. Operating segments

Segment	Principal activities
Prominent Hill	Mining and processing high grade underground ore containing copper, gold and silver along with open pit ore from stockpiles. The Prominent Hill mine is located in the Gawler Craton of South Australia. The Prominent Hill mine generates revenue from the sale of concentrate containing copper, gold and silver to customers in Asia, Europe and Australia.
Carrapateena	Exploration, evaluation and development associated with the Carrapateena project located in South Australia.
Exploration & development	Exploration and evaluation activities associated with other projects, including exploration arrangements with Minotaur Exploration Ltd, Cassini Resources Limited, Mithril Resources, Red Metal, Acapulco Gold, Mineral Prospektering i Sverige, Woomera Exploration Ltd, Inversiones Mineras La Chalina S.A.C. and corporate development activities. The Company undertakes its own exploration on tenements around existing operating and development assets.
Brazil	Mining and processing high grade open pit ore containing copper and gold at the Antas mine in Brazil. Antas generates revenue from the sale of concentrate containing copper and gold to customers in the United Kingdom, Europe and Asia. The company is undertaking exploration at CentroGold, Pedra Branca and Pantera.
Corporate (corporate activities)	Other corporate 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 segments), other investments in equity securities and cash balances.

Recognition and measurement of revenue

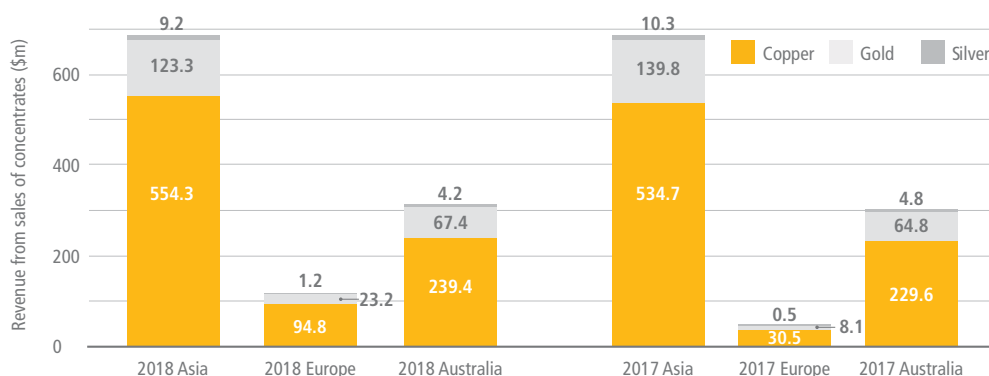
The Consolidated Entity adopted AASB 15 during the year. The revised accounting policy in respect of revenue is set out below.

The Consolidated Entity generates sales revenue primarily from the obligation to transfer concentrate to the buyer and in some cases, based on the commercial terms of the contract, a secondary obligation to deliver it to the customer. Revenue is allocated between the performance obligations and recognised as each performance obligation is met, which for the primary obligation occurs when the concentrate is delivered to a vessel or location and for the secondary obligation, if applicable, when the concentrate is delivered to the customer's location. Revenue arising from the secondary obligation is immaterial to the Group and aggregated with the primary obligation for disclosure purposes. The Group's sale of concentrate incurs customary treatment and refining charges and other commercial costs consistent with industry practice. These items are in essence a deduction from the value of metal contained within the concentrate. These items are variable in nature and are accounted for as a deduction to revenue when they are recognised.

As is industry practice, the Consolidated Entity typically makes sales whereby the final sales price for the primary performance obligation is determined based on the market price prevailing at a date in the future. Revenue for the primary performance obligation is measured based on the fair value of the consideration specified in a contract with the customer at the time of settling the performance obligation and is determined by reference to forward market prices. Provisional pricing adjustments, which occur between the fair value at the time of settling the primary performance obligation and the final price, are also recorded within revenue.

Gains and losses on hedge instruments related to sales contracts are also recorded in revenue and generally offset the movement as a result of provisional pricing adjustments.

Net revenue by geographical region



Revenue information presented is based on the location of the customer's operations. Major customers who individually accounted for more than 10 per cent of total revenue contributed approximately 64 per cent of total revenue (2017: 75 per cent).

	2018 \$m	2017 \$m
Total revenue from sales of concentrates		
Copper	888.5	794.8
Gold	213.9	212.7
Silver	14.6	15.6
Total	1,117.0	1,023.1

A new segment 'Brazil' has been added to the Group with the acquisition of Avanco. Operating segments are components of the Consolidated Entity for which separate financial information is available and is evaluated regularly by the Consolidated Entity's key management personnel to decide how resources are allocated and performance is assessed. As the Group now holds multiple operating assets in its portfolio, and in view of future growth plans in Australia and overseas, a re-evaluation of segment disclosure was undertaken to align with revised management reporting. This has resulted in a change to the disclosed financial metrics below. In accordance with accounting standards, comparative information has been reclassified in the same format.

	Prominent Hill \$m	Carrapateena \$m	Brazil \$m	Exploration & development \$m	Corporate \$m	Consolidated \$m
31 December 2018						
Revenue	1,066.2	–	50.8	–	–	1,117.0
Cost of goods sold ^(a)	(465.6)	–	(36.2)	–	–	(501.8)
Underlying EBITDA ^(b)	618.2	(11.4)	(1.9)	(45.0)	(19.5)	540.4
Capital expenditure	77.4	335.0	4.1	7.0	9.9	433.4
Property, plant & equipment	671.6	763.2	620.8	–	22.0	2,077.6
31 December 2017						
Revenue	1,023.1	–	–	–	–	1,023.1
Cost of goods sold ^(a)	(440.1)	–	–	–	–	(440.1)
Underlying EBITDA ^(b)	583.1	(5.2)	–	(20.2)	(18.3)	539.4
Capital expenditure	53.6	154.4	–	–	7.6	215.6
Property, plant & equipment	711.5	448.7	–	–	15.6	1,175.8

^(a) Includes an adjustment to increase the value of inventory by \$25.0 million in respect to low grade gold ore stockpiles following an assessment of the NRV of non-current ore (2017: \$16.8 million).

^(b) 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 and underlying EBIT. These measures are presented to enable an understanding of the underlying performance of the Consolidated Entity.

Reconciliation of consolidated underlying EBITDA to profit after tax	31 December 2018 \$m	31 December 2017 \$m
Underlying EBITDA	540.4	539.4
Non-underlying expense ¹	(5.9)	–
Depreciation	(148.3)	(323.5)
Capitalised depreciation into inventory/(unwind)	(80.2)	104.8
Earnings before finance income and tax	306.0	320.7
Net finance income	6.9	8.7
Profit before tax	312.9	329.4
Tax expense	(90.5)	(98.3)
Profit for the year attributable to equity holders of OZ Minerals Limited	222.4	231.1

¹ Corresponds to acquisition costs associated with the Avanco transaction of \$5.9 million relating to due diligence, legal, transaction and consulting fees.

Depreciation and amortisation expenses for the year	31 December 2018 \$m	31 December 2017 \$m
Mining	108.2	282.0
Processing	27.2	28.4
Site and corporate administration	12.9	13.1
Unwind/(capitalised) depreciation into inventory	80.2	(104.8)
Total depreciation and amortisation expense	228.5	218.7

The total employee benefits expense for 2018 was \$59.8 million (2017: \$56.2 million).

2. Earnings per share

Basic and diluted earnings per share – cents	2018	2017
Basic and diluted earnings per share	71.5	77.4

Inputs used in calculating basic and diluted earnings per share – \$ millions

Profit after tax	222.4	231.1
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	311,168,127	298,582,892

Basic earnings per share is calculated by dividing the profit attributable to equity holders of OZ Minerals Limited, by the weighted average number of ordinary shares outstanding during the financial year.

The weighted average is determined by the total number of shares on issue less treasury shares held by the Company throughout the period.

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share to take into account 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.

3. Income tax

Income tax expense comprises current and deferred tax of the Consolidated Entity. Current and deferred tax expenses are recognised in other comprehensive income or directly in equity as is appropriate.

RECOVERABILITY OF DEFERRED TAX ASSETS

The Consolidated Entity is subject to income taxes of Australia and jurisdictions where it has foreign operations. Significant judgement is required in the application of income tax legislation to determine the 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, and 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.

Assumptions about the generation of future taxable profits influence the ability of the Consolidated Entity to recognise (or continue to recognise) deferred tax assets. Taxable profit estimates are based on estimated future production and sales volumes, commodity prices, foreign exchange rates, operating costs, restoration costs and capital expenditure. A change in these assumptions may impact the amount of deferred tax assets recognised in the balance sheet in future periods.

Group taxation

The OZ Minerals Group principal operations are located in Australia and Brazil. Income tax expense, current tax and deferred tax balances have been determined based on the tax laws and tax rates applicable in the relevant jurisdiction.

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

Income tax expense in the income statement	2018 \$m	2017 \$m
Current income tax expense	(43.9)	(111.3)
Deferred income tax (expense)/benefit	(46.6)	13.0
Income tax expense	(90.5)	(98.3)

Reconciliation of income tax expense to pre-tax profit	2018 \$m	2017 \$m
Profit before income tax	312.9	329.4
Income tax expense at the Australian tax rate of 30 per cent	(93.9)	(98.8)
Adjustments:		
Variation in overseas tax	1.8	–
Non-deductible expenditure	(1.4)	(0.7)
Revision for prior periods	(0.2)	0.3
Research and development benefits	–	0.9
Recognition of previously unrecognised tax losses	7.4	–
Derecognition of overseas losses	(4.2)	–
Income tax expense	(90.5)	(98.3)

Deferred tax assets and liabilities	Opening balance	Recognised in income statement	Recognised in equity	Acquisition of Avanco	Closing balance
	\$m	\$m	\$m	\$m	\$m
2018					
Restricted tax losses	32.5	1.6	–	–	34.1
Property plant and equipment	(105.4)	(34.0)	(6.4)	(172.0)	(317.8)
Inventories	(4.7)	(0.1)	–	–	(4.8)
Provisions and accruals	10.4	0.8	–	–	11.2
Derivative financial instruments	6.6	(10.3)	8.3	–	4.6
Other	13.2	(4.6)	2.0	–	10.6
Net deferred tax liabilities	(47.4)	(46.6)	3.9	(172.0)	(262.1)

More information on deferred tax liabilities recognised on the acquisition of Avanco is provided under Note 14.

	Opening balance	Recognised in income statement	Recognised in equity	Closing balance
	\$m	\$m	\$m	\$m
2017				
Restricted tax losses	49.5	(17.0)	–	32.5
Property plant and equipment	(135.6)	30.2	–	(105.4)
Inventories	(4.8)	0.1	–	(4.7)
Provisions and accruals	11.2	(0.8)	–	10.4
Derivative financial instruments	1.8	1.7	3.1	6.6
Other	14.4	(1.2)	–	13.2
Net deferred tax liabilities	(63.5)	13.0	3.1	(47.4)

Recognised restricted tax losses are subject to an available fraction which limits the amount of these losses that can be utilised each year.

Unrecognised tax losses

A review of unrecognised tax losses was undertaken during the year and as a result, additional restricted tax losses of \$7.4 million tax effected (2017: nil) were recognised in the balance sheet. Restricted tax losses of \$170.7 million tax effected (2017: \$178.1 million tax effected) remain unrecognised in the balance sheet at 31 December 2018. Capital tax losses of \$569.0 million tax effected (2017: \$595.0 million tax effected) remain unrecognised in the balance sheet at 31 December 2018.

Recognition and measurement of income taxes

Current tax

The tax currently payable is based on taxable profit for the year, using rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax assets and liabilities are determined using the balance sheet method which calculates temporary differences based on the difference between the carrying amount of the Consolidated Entity's assets and liabilities in the balance sheet and their associated tax bases.

Deferred tax assets and liabilities are not recognised for temporary differences arising from investments in subsidiaries where the Consolidated Entity is able to control the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available to utilise them.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and adjusted based on estimates of future taxable income and/or capital gains against which the deferred tax asset could be utilised.

Deferred tax assets and liabilities are measured at the tax rates applicable to each jurisdiction which are expected to apply in the period when the assets are realised or liabilities discharged. They are offset where they relate to the same tax authority and there is a legally-enforceable right to offset.

4. Dividends

Since the end of the financial year, the Board of Directors has resolved to pay a fully-franked dividend of 15 cents per share on 26 March 2019. The record date for entitlement to this dividend is 12 March 2019. The financial impact of the dividend amounting to \$48.4 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2018 and will be recognised in subsequent consolidated financial statements.

The details in relation to dividends announced or paid since 1 January 2017 are set out below:

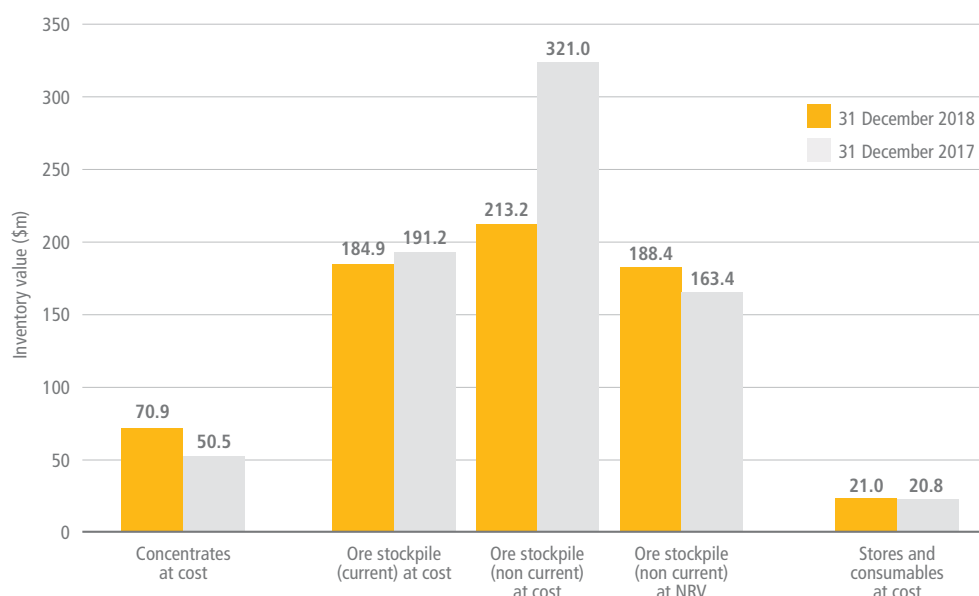
Record date	Date of payment	Fully franked cents per share	Total dividends \$m
12 March 2019	26 March 2019	15	48.4
3 September 2018	17 September 2018	8	25.8
12 March 2018	26 March 2018	14	41.8
7 September 2017	21 September 2017	6	17.9
10 March 2017	24 March 2017	14	41.8

5. Inventories

NET REALISABLE VALUE OF INVENTORIES

Inventories are recognised at the lower of cost and net realisable value (NRV).

NRV of ore is based on the estimated amount expected to be received when the ore is processed and sold, less incremental costs to convert the ore to concentrate and selling costs. The computation of NRV for stockpiles involves significant judgements and estimates in relation to future ore blend rates, timing of processing, processing costs, commodity prices, foreign exchange rates, discount rates and the ultimate timing of sale of concentrates produced. A change in any of these critical assumptions will alter the estimated NRV and may therefore impact the carrying value of inventories.



	2018 \$m	2017 \$m
Concentrates – at cost	70.9	50.5
Ore stockpile – at cost	184.9	191.2
Stores and consumables – at cost	21.0	20.8
Inventories – current	276.8	262.5
Ore stockpile – non-current at cost	213.2	321.0
Ore stockpile – non-current at net realisable value	188.4	163.4
Inventories – non-current	401.6	484.4
Total inventories	678.4	746.9

An assessment of the NRV of non-current ore resulted in an adjustment to increase the value of inventory by \$25.0 million in respect to low grade gold ore stockpiles being recognised in 2018 (2017: \$16.8 million). The increase is a reversal of a previous impairment.

Recognition and measurement of inventories

Inventory is valued at the lower of cost incurred to bring product to its present location and condition, and NRV.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs comprise direct materials and labour and a proportion of overhead expenditure directly related to the production of inventories. Expenditure directly related to the production of inventories includes processing costs; transportation costs to the point of sale; and depreciation of plant, equipment, mining property and development assets, the latter of which includes deferred stripping assets and mine rehabilitation costs incurred in the mining process.

NRV is calculated by estimating the value that is expected to be realised upon sale of concentrate after deducting the estimated costs of processing and selling costs. This estimation is based on assumptions of future prices and costs as well as expected future ore blend rates and processing timing.

Inventories expected to be processed or sold within 12 months after the balance date are classified as current assets and all other inventories are classified as non-current.

6. Operating cash flows

The Consolidated Entity's operating cash flow reconciled to profit after tax is as follows.

	2018 \$m	2017 \$m
Profit after tax for the year	222.4	231.1
Adjustments for:		
Depreciation	148.3	323.5
Lease amortisation	1.8	7.9
Foreign exchange loss on cash balances	(3.4)	5.2
Share based payments	4.7	5.3
Other items	3.9	5.4
Change in assets and liabilities:		
Trade and other receivables	46.8	(55.5)
Prepayments & other assets	(34.7)	1.0
Inventories	83.7	(189.8)
Trade and other payables	35.1	(5.4)
Provision for employee benefits	(1.9)	0.8
Provision for demobilisation and other provisions	5.9	(5.7)
Derivative financial instruments	(0.7)	–
Net current and deferred tax liability	(62.3)	19.1
Net cash inflow from operating activities	449.6	342.9

Recognition and measurement of 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. For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand, at call deposits and cash equivalents.

7. Property, plant and equipment

	Plant and equipment \$m	Mine property and development \$m	Freehold land and buildings \$m	Capital work in progress \$m	Total \$m
2018					
At cost	1,244.5	2,301.5	189.3	792.3	4,527.6
Accumulated depreciation and impairment losses	(892.4)	(1,424.4)	(133.2)	–	(2,450.0)
Closing carrying amount	352.1	877.1	56.1	792.3	2,077.6
Reconciliation of carrying amounts					
Opening carrying amount	313.5	330.1	60.9	471.3	1,175.8
Acquisition through business combination	57.9	557.6	–	–	615.5
Additions and transfers including deferred mining	32.5	54.6	1.5	321.0	409.6
Foreign currency exchange differences	2.2	22.8	–	–	25.0
Depreciation expense	(54.0)	(88.0)	(6.3)	–	(148.3)
Closing carrying amount	352.1	877.1	56.1	792.3	2,077.6
2017					
At cost	1,151.9	1,666.5	187.8	471.3	3,477.5
Accumulated depreciation and impairment losses	(838.4)	(1,336.4)	(126.9)	–	(2,301.7)
Closing carrying amount	313.5	330.1	60.9	471.3	1,175.8
Reconciliation of carrying amounts					
Opening carrying amount	345.0	557.6	66.8	21.2	990.6
Reclassification of exploration assets	–	–	–	330.7	330.7
Additions and transfers including deferred mining	12.4	45.7	0.5	119.4	178.0
Depreciation expense	(43.9)	(273.2)	(6.4)	–	(323.5)
Closing carrying amount	313.5	330.1	60.9	471.3	1,175.8

Depreciation was \$148.3 million for the year compared to \$323.5 million in 2017. Depreciation expense decreased primarily due to the closure of the Prominent Hill open pit in the first quarter of 2018.

Capital work in progress includes Carrapateena mine development costs including the original acquisition cost of \$252.2 million.

The original acquisition of Carrapateena provided for two further payments upon commercial production being reached:

- / US\$50 million on production of copper, uranium, gold or silver.
- / US\$25 million on production of rare earths, iron or any other commodity.

The further payments amounting to US\$75 million do not constitute a liability and are not recognised in OZ Minerals balance sheet because OZ Minerals has not reached the specified performance milestones on which payment is legally required.

Recognition and measurement of property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing assets into use.

Expenditure associated with mining which relates to developing access to new sections of an ore body is capitalised as a mine development asset and depreciated on a units of production basis as ore is extracted. When ore extraction and mine development occurs concurrently expenditure is allocated between the cost of ore extraction (inventory) and mine development on the basis of the proportion of underlying activity typically meters advanced or material moved.

Mine property and development

Mine property and development includes mineral rights of \$546.7 million (net of amortisation) associated with the acquisition of Avanco.

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves which are acquired as part of a business combination and are recognised at fair value at date of acquisition.

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. After transfer, all subsequent expenditures to develop the mine to the production phase which are considered to benefit mining operations in future periods are capitalised.

The proceeds from the sale of any concentrate produced from ore extracted and processed as part of development of the asset prior to being deemed ready for use are deducted from the cost of the asset, less any further processing and selling costs incurred.

The present value of the expected cost of decommissioning an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment is tested for impairment when there is an indication of impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. An impairment loss is recognised for the amount by which the asset or cash generating unit (CGU) carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to dispose and its value in use. Assets that have been impaired are reviewed for possible reversal of impairment at each reporting date.

Value in use is the net amount expected to be recovered through cash flows arising from continued use and subsequent disposal of an asset (or group of assets). In assessing value in use, 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 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 and 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.

RECOVERABILITY OF ASSETS

Cash generating units are tested for impairment when there is an indication that the CGU may be impaired. Examples of impairment indicators include the Group's net assets exceeding its market capitalisation, unfavourable fluctuations in commodity prices and foreign exchange rates, or a decline in the CGU's operating performance.

The Consolidated Entity undertook a review of the Prominent Hill, Carrapateena and the Carajas CGU's to determine whether there was any indication that these CGU's had suffered an impairment loss. The Consolidated Entity concluded that there were no such indicators that the CGUs were impaired at the reporting date noting also that the Carajas CGU was only recently acquired in an arm's length transaction.

When the Group reviewed impairment indicators, consideration was given for negative trends in the significant judgements and assumptions that may impact the CGU's valuation in future periods, including:

- / expected future cash flows based on a range of factors including Board-approved internal budgets and forecasts which reflect expectations of resources and reserves; mine plans; short and long term commodity prices and foreign exchange rates; and operating and capital costs
- / the value of mineral resources not modelled in Board-approved budgets, based on the use of an appropriate resource valuation multiple to the contained copper equivalent within the resources applicable to the CGU
- / the discount rate applied to the cash flows which reflects current market conditions.

In addition, the Consolidated Entity monitors for impairment indicators by considering the impact of the above judgements and assumptions on the valuation of CGUs through periodic updates to its business valuation models.

Such assumptions are subject to variation as a result of changes in future economic and operational conditions. Consequently, the carrying value of the Consolidated Entity's CGUs may differ in future years if assumptions made do not eventuate and actual outcomes are less favourable than present assumptions.

Depreciation methods adopted by the Consolidated Entity

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 mining inventory
Mine property and development	Units of ore extracted over mining inventory applicable to the development

Depreciation of assets commences when the assets are ready for their intended use. The depreciation of mine property and development commences when the mine is commissioned or deemed ready for use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period and adjusted prospectively, if appropriate. Where depreciation rates are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate, with the change accounted for as a change in accounting estimate.

MINERAL RESOURCE AND ORE RESERVE ESTIMATES

The estimated quantities of mineral resource and ore reserve estimates are based upon interpretations of geological and geophysical models and require assumptions to be made regarding exchange rates, commodity prices, future capital requirements and future operating performance.

Changes in reported mineral resource and ore reserve estimates can impact the carrying value of property, plant and equipment, including deferred mining expenditure; intangible assets; capitalised exploration; provisions for mine rehabilitation, restoration and dismantling obligations; and recognition of deferred tax assets as well as the amount of depreciation charged to the income statement.

Changes in the carrying value of the assets may arise principally through changes in the income that can be economically generated from each project. Changes in depreciation expense may arise through a change in the useful life over which property, plant and equipment is depreciated.

8. Provisions

MINE REHABILITATION, RESTORATION & DISMANTLING OBLIGATIONS

The provision for mine rehabilitation includes future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demobilisation of equipment, decontamination, water purification and permanent storage of historical residues.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of environmental legislation changes and many other factors, including future changes in technology, price increases and changes in interest rates. The calculation of these provision estimates requires assumptions to be made as to: the 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.

Recognition and measurement of provisions

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 provisions due to the passage of time is recognised in the income statement as financing expenses.

Provisions are made for the estimated cost of rehabilitation, decommissioning and restoration of areas disturbed during mining and exploration operations up to the reporting date for areas not yet rehabilitated. Provisions for mine rehabilitation are based on the current estimated cost 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. The provision is recognised as a liability, separated into current (estimated costs arising within 12 months) and non-current components based on the expected timing of these cash flows.

Provision for demobilisation relates to the Consolidated Entity's obligation to reimburse contractors for the cost of removing equipment from a mine site. Additions to the provision are made over the life of the equipment while in use at OZ Minerals to match the expected demobilisation costs with the related benefit.

	2018 \$m	2017 \$m
Current		
Equipment demobilisation	–	2.9
Other provisions	3.9	3.8
Total current provisions	3.9	6.7
Non-current		
Other provisions	9.3	–
Equipment demobilisation	3.1	–
Mine rehabilitation	46.9	29.1
Total non-current provisions	59.3	29.1
Aggregate		
Other provisions	13.2	3.8
Equipment demobilisation	3.1	2.9
Mine rehabilitation	46.9	29.1
Total provisions	63.2	35.8

Reconciliation of provisions	Mine rehabilitation provision	Equipment demobilisation provision
Opening carrying amount	29.1	2.9
Acquisition of Avanco	8.0	3.1
Unwind of discount	3.5	–
Provisions utilised	(0.4)	(1.4)
Provisions increase/(decrease)	6.7	(1.5)
Closing carrying amount	46.9	3.1

9. Commitments

The Consolidated Entity has entered into Transmission Connection Agreements (TCA) with ElectraNet for the transmission of power, build, own, operation and maintenance of power transmission to Carrapateena and Prominent Hill. The total future commitment for these arrangements is \$547.5 million.

The Consolidated Entity has entered into various contracts with suppliers for the construction of the Carrapateena Mine and sustaining Mine development at the Prominent Hill and Antas mines. The total capital expenditure commitment in relation to these contracts as at 31 December 2018 was \$303.0 million (2017: \$405 million), which is expected to be incurred in 2019.

Contributed equity

10. Issued capital

	2018 \$m	2017 \$m
322,899,831 shares (2017: 298,664,750 shares)	2,280.4	2,029.0
Share capital movement	Number of shares	Share capital \$m
Opening balance at 1 January 2018	298,664,750	2,029.0
Shares issued for acquisition of Avanco		
21 June 2018	20,518,559	216.4
26 June 2018	312,923	3.1
28 June 2018	298,053	2.9
2 July 2018	161,857	1.6
4 July 2018	44,835	0.4
6 July 2018	201,862	1.9
10 July 2018	858,650	8.0
12 July 2018	599,534	5.6
8 August 2018	538,808	5.1
Shares issued under employee share plan		
13 July 2018	700,000	6.4
Closing balance as at 31 December 2018	322,899,831	2,280.4

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 the 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.

Recognition and measurement of 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.

Shares bought 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, are classified as treasury shares and are presented as a deduction from total equity, until the shares are cancelled or reissued.

The Consolidated Entity issued 23,535,081 shares to Avanco Resources Limited shareholders during 2018 as a part of the purchase.

Issued ordinary share capital is classified as equity and is recognised at the fair value. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share capital value on issue.

11. Share-based payments

The total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expenses, were \$4.7 million (2017: \$5.3 million). A description of OZ Minerals' significant performance rights plans (PRP) and long term incentive plans (LTIP) are provided below.

Element	Performance rights granted under PRP	Performance rights granted under LTIP																				
Performance period	2018: 1 July 2018 to 1 July 2019 2017: 1 July 2017 to 1 July 2018 2016: 1 July 2016 to 1 July 2017	2018: 1 January 2018 to 31 December 2020 2017: 1 January 2017 to 31 December 2019 2016: 1 January 2016 to 31 December 2018 2015: 1 July 2015 to 30 June 2018 2014: 1 July 2014 to 30 June 2017																				
Service period	2018: 1 July 2018 to 1 July 2019 2017: 1 July 2017 to 1 July 2018 2016: 1 July 2016 to 1 July 2017	2018: 1 January 2018 to 31 December 2020 2017: 1 January 2017 to 31 December 2019 2016: 1 January 2016 to 31 December 2018 2015: 1 July 2015 to 30 June 2018 2014: 28 July 2014 to 15 July 2017																				
Vesting conditions	Percentage vesting based on individual performance against Key Performance Indicators	<table border="1"> <thead> <tr> <th colspan="2">1. Total shareholder return (TSR)</th> </tr> <tr> <th>TSR performance measured Comparator Group</th> <th>Percentage of vesting</th> </tr> </thead> <tbody> <tr> <td>75th percentile or greater</td> <td>100</td> </tr> <tr> <td>Between the 50th and 75th percentile</td> <td>Between 50 and 100 vest progressively by using a straight-line interpolation</td> </tr> <tr> <td>50th percentile</td> <td>50</td> </tr> <tr> <td>Less than 50th percentile</td> <td>Nil</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2">2. Absolute share price growth^(a)</th> </tr> <tr> <th>OZ Minerals share price growth over the performance period</th> <th>Percentage of vesting</th> </tr> </thead> <tbody> <tr> <td>Less than 20%</td> <td>Nil</td> </tr> <tr> <td>20% or greater</td> <td>100</td> </tr> </tbody> </table>	1. Total shareholder return (TSR)		TSR performance measured Comparator Group	Percentage of vesting	75 th percentile or greater	100	Between the 50 th and 75 th percentile	Between 50 and 100 vest progressively by using a straight-line interpolation	50 th percentile	50	Less than 50 th percentile	Nil	2. Absolute share price growth^(a)		OZ Minerals share price growth over the performance period	Percentage of vesting	Less than 20%	Nil	20% or greater	100
1. Total shareholder return (TSR)																						
TSR performance measured Comparator Group	Percentage of vesting																					
75 th percentile or greater	100																					
Between the 50 th and 75 th percentile	Between 50 and 100 vest progressively by using a straight-line interpolation																					
50 th percentile	50																					
Less than 50 th percentile	Nil																					
2. Absolute share price growth^(a)																						
OZ Minerals share price growth over the performance period	Percentage of vesting																					
Less than 20%	Nil																					
20% or greater	100																					
Exercise price	Nil	Nil																				

^(a) The LTI plan performance vesting conditions for periods 2015 and prior were set only on total shareholder return (TSR). The LTI plan performance vesting conditions for 2016, 2017 and 2018 were set on both TSR and absolute share price growth, weighted at 70% and 30% respectively.

Performance rights granted under the PRPs or LTIPs do not include dividends or voting rights. All performance rights under current performance rights plans are automatically exercised upon vesting which is dependent upon meeting both the service condition and the performance condition. When issued, the shares on vesting of performance rights rank equally 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 binomial approximation option valuation model and Monte-Carlo simulation valuation model for performance rights plans and long-term incentive plans respectively. The models use the following inputs.

Grant date	Fair value at grant date \$	Share price at grant date \$	Expected volatility per cent	Expected dividends per cent	Risk-free interest rate per cent
Performance rights granted under the LTIP					
1 January 2018					
MD & CEO Tranche One (70%)	6.4	9.0	45.0	2.2	2.2
MD & CEO Tranche Two (30%)	4.5	9.0	45.0	2.2	2.2
Other KMP Tranche One (70%)	6.7	8.8	45.0	2.2	2.1
Other KMP Tranche Two (30%)	4.5	8.8	45.0	2.2	2.1
1 January 2017					
MD & CEO Tranche One (70%)	4.6	7.2	50.0	2.7	1.7
MD & CEO Tranche Two (30%)	3.5	7.2	50.0	2.7	1.7
Other KMP Tranche One (70%)	6.5	9.2	50.0	2.2	2.0
Other KMP Tranche Two (30%)	5.6	9.2	50.0	2.2	2.0
1 January 2016					
MD & CEO Tranche One (70%)	4.1	5.2	50.0	3.8	2.0
MD & CEO Tranche Two (30%)	3.5	5.2	50.0	3.8	2.0
Other KMP Tranche One (70%)	3.7	5.2	50.0	3.8	2.0
Other KMP Tranche Two (30%)	3.2	5.2	50.0	3.8	2.0
Performance rights granted under the PRP					
1 July 2018	9.3	9.5	45.0	2.1	2.0
1 July 2017	7.3	7.5	50.0	2.6	1.8
1 July 2016	5.8	6.8	50.0	3.3	1.8

Performance rights

The movement in the number of performance rights during the year.

	2018 Number	2017 Number
Opening balance	2,006,254	2,634,996
Rights granted	1,011,190	887,047
Rights vested	(762,005)	(1,114,212)
Rights forfeited	(207,702)	(401,577)
Closing balance	2,047,737	2,006,254

Recognition and measurement of share-based payments

The fair value of share-based payment transactions measured at grant date are recognised as an employee benefit expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the instruments. If the employee does not meet a non-market condition, such as a service condition or internal KPIs, any cumulative previously recognised expense is reversed.

The fair value of the share-based payment transactions granted are adjusted to reflect market vesting conditions at the time of grant, and are not subsequently adjusted. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable and are updated at each balance sheet date. The impact of the revision to original estimates for non-market conditions, if any, is recognised in the income statement with a corresponding adjustment to equity. Changes as a result of market conditions are not adjusted after the initial grant date.

Risk management

12. Financial risk management

OZ Minerals' Group Treasury Function (Group Treasury) manages the financial risks of the Consolidated Entity. 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 market, credit and liquidity risk.

This note presents information about the Consolidated Entity's financial assets and liabilities, its exposure to financial risks, and its objectives, policies and processes for measuring and managing risks.

The Consolidated Entity's activities expose it primarily to the following financial risks:

- / commodity prices
- / foreign currency exchange rates
- / credit risk
- / liquidity risk.

The Consolidated Entity holds the following financial instruments

Carried at fair value using level one valuation technique (based on share prices quoted on the relevant stock exchanges)	Carried at fair value using level two valuation technique (quoted market prices of copper, gold and silver adjusted for specific settlement terms)	Carried at amortised cost ¹
Investments in equity securities	Trade receivables Derivative financial instruments	Cash and cash equivalents Other receivables Trade payables Other payables

¹ The carrying value of each of these items approximates fair value.

Recognition and measurement

Financial assets and liabilities are recognised when the Consolidated Entity becomes party to the contractual provisions of an instrument.

Non-derivative financial assets

The Consolidated Entity classifies its financial assets as:

- / financial assets at fair value through other comprehensive income
- / financial assets at fair value through profit and loss
- / loans and receivables at amortised cost.

Financial assets measured at amortised cost are recognised initially at fair value plus any directly attributable transaction costs.

Trade receivables, including those containing an embedded derivative, are carried at fair value.

Concentrate sales receivables are recognised in accordance with the recognition and measurement criteria disclosed in Note one. Provisional payments in relation to trade receivables are usually due within 30 days from the date of invoice issue, with final settlement usually due within 60 days. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The Consolidated Entity de-recognises a financial asset or a part of it when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On de-recognition of a financial asset, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the income statement.

A financial asset measured at amortised cost is assessed at each reporting date as to whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the income statement and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

In the event that an impairment loss is reversed, the asset's carrying amount cannot exceed what the carrying amount would have been had the impairment not been recognised. The amount of the reversal is recognised in the income statement.

Non-derivative financial liabilities

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs. 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.

The Consolidated Entity de-recognises financial liabilities when its obligations are discharged, cancelled or expire. The difference between the carrying amount of the liability de-recognised and the consideration paid and payable is recognised in the income statement

Derivative financial instruments

Recognition and measurement

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in the fair value of any derivative instrument are recognised in the income statement or other comprehensive income, based the designation and effectiveness of the hedge instrument.

Formal designation of the hedge and documentation of the relationship between the hedging instrument and the hedged item is finalised at the inception of the transaction.

Changes in the fair value of the derivative financial instrument, which has been designated in a hedge relationship, will be recognised in other comprehensive income if the hedging relationship remains effective and the underlying hedge item has not been recognised in the income statement, or recognised in the income statement if the hedge relationship is no longer effective or the underlying hedged item has been recognised in the income statement. Any ineffective portion of changes in the fair value of derivative financial instruments is recognised immediately in the income statement. The amount recognised in other comprehensive income is reclassified to the income statement in the same period as the underlying item is recognised in the income statement.

Commodity price risk management and sensitivity analysis

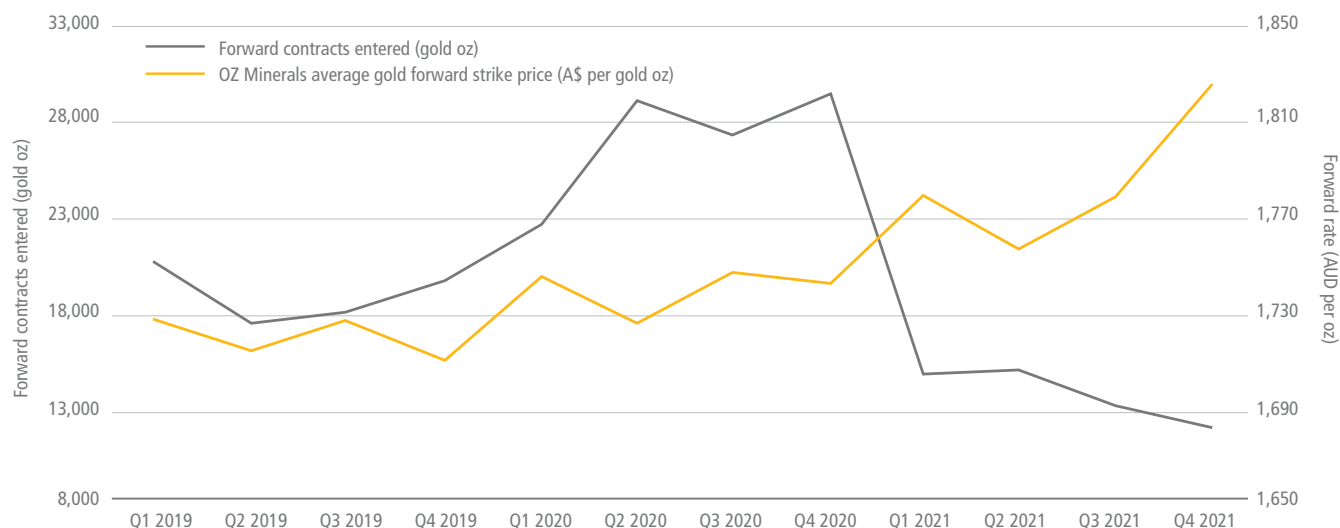
The Consolidated Entity is exposed to commodity price volatility on the sale of metal in concentrates such as copper and gold, which are priced on, or benchmarked to, open market exchanges. OZ Minerals aims to realise the prevailing forward copper price at the time of shipment of concentrates to customers which matches the quotation period of the underlying sale.

Gold derivative contracts

OZ Minerals has entered into gold forward contracts to manage its risk of fluctuations in cash flows arising from forecast gold sales in USD due to movements in gold prices and AUD:USD foreign exchange rates. The Company has designated these gold derivative contracts as cash flow hedges.

The hedged gold sales represent around 62.6 per cent of forecast sales (gold oz.) in the period from 2019 to 2021 and around 46 per cent of the gold contained in stockpiles at 31 December 2018. This programme is reviewed on a quarterly basis.

The forward contracts have been designated as cash flow hedges under AASB 9 and were assessed to be fully effective in managing the underlying risk. Accordingly, a tax-effected fair value reduction of \$17.8 million was recognised in other comprehensive loss during 2018. At 31 December 2018, contracts for 238,057 ounces of gold were outstanding with an average strike price of \$1,742 per ounce, as reflected in the chart adjacent.



HEDGE EFFECTIVENESS

A hedge relationship which is established at inception is assessed for effectiveness in managing the underlying risk. Where a derivative has expired or is assessed to be ineffective, all future fair value changes will be recognised in the income statement. Significant judgement is exercised regarding mine plans, sales forecasts and recoverable metal contained in mineral resources and reserves when determining a hedge relationship's effectiveness.

Copper derivative contracts

The Consolidated Entity manages the exposure to copper price volatility on completed sales from contractual quotation pricing adjustments by entering into copper derivative contracts at the time of concentrate shipments. These fix the forward price at the time of shipment. These derivative contracts are designated as hedges and are recognised within the income statement as part of revenue. As a result of these hedges, the impact of changes in copper price after the date of sale on the income statement is expected to be negligible.

Commodity price sensitivity analysis

If copper prices were to vary significantly, then the expected impact on the income statement would be negligible due to the copper price hedging activity. As such, our analysis focuses on the impact of movements in gold prices as variations in silver prices have also been deemed immaterial for the purpose of this analysis (see table below). In accordance with Australian Accounting Standards, the sensitivity analysis is on all financial assets and liabilities deemed material to the Consolidated Entity.

	+10% movement in gold prices		-10% movement in gold prices	
	Impact on income statement net of tax	Impact on other comprehensive income net of tax	Impact on income statement net of tax	Impact on other comprehensive income net of tax
2018				
Trade receivables	0.9	–	(0.9)	–
Gold hedges (FECs)	–	(2.3)	–	2.3
Total	0.9	(2.3)	(0.9)	2.3
2017				
Trade receivables	1.6	–	(1.6)	–
Gold hedges (FECs)	–	(0.4)	–	0.4
Total	1.6	(0.4)	(1.6)	0.4

A 10% movement in gold prices, which is based on reasonably possible changes over a financial year and reflects the variability management applies in forecasting sensitivity, results in \$0.9 million after tax impact on the income statement on trade receivables balance of \$70.9 million (2017: \$121.9 million) and has a \$2.3 million after tax impact on the derivative financial liability of \$15.6 million (2017: \$16.3 million). In accordance with accounting standards, the impact has been calculated on the outstanding balance that is subject to commodity price risk and does not include the impact of the movement in commodity prices on the total revenue for the year.

Foreign currency exchange risk management and sensitivity analysis

The Consolidated Entity is exposed to foreign currency risk arising from assets and liabilities that are held in currencies other than the Australian dollar.

The Group's principal operations have a functional currency of Australian dollars. 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 revenue, costs of production, and competitive forces and regulations which impact on revenue. In addition, consideration must be given to the currency in which financing and operating activities are undertaken.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of financial assets and liabilities denominated in foreign currencies are recognised in the income statement. 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.

	Denominated in US\$ presented in A\$m	Other currencies presented in A\$m	Total A\$m
2018			
Cash and cash equivalents	88.1	10.0	98.1
Trade receivables	69.3	–	69.3
Trade payables	(0.5)	(5.5)	(6.0)
Derivative financial instruments	(15.6)	–	(15.6)
Total	141.3	4.5	145.8
2017			
Cash and cash equivalents	42.6	–	42.6
Derivative financial instruments	(16.3)	–	(16.3)
Trade receivables	119.7	–	119.7
Trade payables	(0.2)	–	(0.2)
Total	145.8	–	145.8

Exchange rates during the year

	Average rate		31 December spot rate	
	2018	2017	2018	2017
AUD:USD	0.7479	0.7669	0.7058	0.7794
AUD:BRL*	2.7428	–	2.7319	–

* BRL:USD foreign currency exchange rates were not applicable for 2017.

At reporting date, if the foreign currency exchange rates strengthened/(weakened) against the functional currency by five per cent and all other variables were held constant, the Consolidated Entity's after tax profit would have changed by \$5.7 million and other comprehensive income would have changed by \$0.5 million (2017: \$5.7 million) after tax profit, \$0.6 million other comprehensive income). The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the reporting date and adjusts their translation for a five per cent change in the foreign currency rate.

Interest rate risk management and sensitivity analysis

The Consolidated Entity does not have any borrowings as at 31 December 2018 and therefore is not exposed to interest rate risk on borrowings. The Consolidated Entity carries term deposits with fixed interest rates. The effect of a change in interest rates at balance date would not have a significant impact on the after tax profit as all cash deposits have fixed interest rate terms.

Credit risk management

Credit risk refers to the risk that any counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. Counterparty credit risk arises through sales of metal in concentrate on normal terms of trade, cash deposits and derivative financial instruments.

At the reporting date, the carrying amount of financial assets in the balance sheet represents the maximum credit exposure on cash and cash equivalents, trade receivables, other receivables and derivative assets.

The credit risk on cash and cash equivalents is managed by restricting material financial transactions to banks which are assigned an S&P equivalent of A-1 short term 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 undertaking regular risk assessment and reviewing 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 acceptable level. Sales contracts generally require a provisional payment of at least 90 per cent of the estimated value of each sale either promptly after vessel loading or upon the vessel arriving at the discharge port. Where appropriate, sales are covered by letter of credit arrangements with approved financial institutions.

Maximum exposure to credit risk for trade receivables at the reporting date by customer geographic region

	2018 \$m	2017 \$m
Europe	7.2	–
Asia	44.6	82.9
Australia	19.1	39.0
Total	70.9	121.9

Major customers who individually accounted for more than 10 per cent of total revenue contributed approximately 64 per cent of total revenue (2017: 75 per cent). These customers also represent 88 per cent of the trade receivables balance as at 31 December 2018 (2017: 89 per cent). There were no instances of customer default during 2018 and there are no significant receivables which are past due at the reporting date.

Credit risk on derivative financial instruments is managed by restricting material transactions only with counterparties who are at least category two members of the LME, or which are assigned an S&P equivalent of A-1 short term credit ratings by international credit rating agencies.

Liquidity risk management

Liquidity risk is the risk of encountering 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.

The following table reflects all contractual repayments from recognised financial assets and liabilities at the reporting date, including derivative financial instruments. The market value is presented for derivative financial instruments, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming financial years are presented.

	Less than 1 year	1–2 years	2–5 years	Total
2018				
Cash and cash equivalents	505.1	–	–	505.1
Trade receivables	70.9	–	–	70.9
Other receivables	28.6	–	–	28.6
Trade payables	(145.1)	–	–	(145.1)
Derivative financial asset	17.9	–	–	17.9
Derivative financial liabilities	(9.3)	(16.6)	(7.6)	(33.5)
Total	468.1	(16.6)	(7.6)	443.9
2017				
Cash and cash equivalents	729.4	–	–	729.4
Trade receivables	121.9	–	–	121.9
Other receivables	10.8	–	–	10.8
Lease receivable	19.6	–	–	19.6
Trade payables	(94.1)	–	–	(94.1)
Derivative financial liabilities	(11.6)	–	(4.7)	(16.3)
Total	776.0	–	(4.7)	771.3

The Consolidated Entity had access to the following borrowing facilities which were undrawn at the end of the year

	Expires on	Security	2018 A\$m	2017 A\$m
Revolving facility	April 2019	Unsecured	100.0	100.0

13. Contingencies

CONTINGENCIES

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. Determination of contingent liabilities disclosed in the financial statements requires the exercise of significant judgement regarding the outcome of future events. The financial results of OZ Minerals in future periods may be impacted unfavourably in the event of an unfavourable outcome of a number of matters outlined in this note.

Bank guarantees

OZ Minerals Group Treasury Pty Ltd has provided certain bank guarantees to third parties, associated with the terms of mining leases, power infrastructure contracts, 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 amounted to \$209.1 million as at 31 December 2018 (31 December 2017: \$52.9 million) and are backed by deposits. Presently, all guarantees are voluntarily cash-backed by deposits in order to reduce the bank fees payable but all funds can be withdrawn as and when required should the need arise.

Deeds of indemnity

The Consolidated Entity has granted indemnities under deeds of indemnity with current and former executive and non-executive directors, former officers, the former General Counsel–Special Projects, the former Group Treasurer and each employee who was a director or officer of a controlled entity of the Consolidated Entity, or an associate 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, its related bodies corporate and any associated entity, where such an office is or was 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 and may advance funds to meet defence costs in litigation, to the extent permitted by the Corporations Act 2001 (Cth).

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, a failure to transfer or deliver all assets, and payment of taxes.

Former Cambodian operations

The Australian Federal Police (AFP) advised OZ Minerals in September 2014 that it was conducting an investigation of OZ Minerals' 2009 acquisition of the remaining equity holding in the Okvau exploration joint venture in Cambodia in relation to foreign bribery claims. Since that time, the company has been advised by the AFP that the scope of the AFP's investigation has been extended to OZ Minerals' former Cambodian operations generally. OZ Minerals understands that the AFP is continuing its investigation and OZ Minerals is continuing to fully cooperate with the AFP. OZ Minerals has concluded that it is not probable that a present obligation exists and, accordingly, no provision has been recognised in the balance sheet at 31 December 2018.

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 business. 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.

Group structure and other information

14. Subsidiary acquisition

The Consolidated Entity acquired Avanco during the year which has been accounted for as a business combination. The Consolidated Entity accounts for the acquisition of subsidiaries using the acquisition method of accounting on acquisition date by recognising the identifiable assets acquired and the liabilities assumed. OZ Minerals obtained control of Avanco Resources Ltd on 13 June 2018. OZ Minerals acquired 100% of Avanco Resources Ltd's shares through an off-market offer made to shareholders and compulsory acquisition.

The Avanco acquisition provides geographical diversification into new mineral provinces for OZ Minerals with a large copper gold mineral resource base in the Carajas. While the Antas operating mine immediately increases the Consolidated Entity's production, the CentroGold, Pedra Branca and Pantera projects, along with other exploration prospects in the Carajas province (and the neighbouring Gurupi province), significantly enhance the growth pipeline and potential for near-term production growth.

Avanco's assets and liabilities have been recognised at their provisional fair values as at 30 June 2018 due to the proximity of the acquisition to 30 June 2018. The provisional recognition will be reviewed and finalised within 12 months of the acquisition in accordance with accounting standards, should any subsequent information provide better evidence of the fair values at the date of acquisition. If 100% interest in Avanco was acquired on 1 January 2018, the revenue of the Consolidated Entity would have been higher by \$52.7 million and the profit after tax would have been lower by \$4.9 million.

Development of the CentroGold Project is subject to an injunction which presently restricts development activities. Legal processes are being followed to facilitate lifting of the injunction.

As at 31 December 2018 the fair values recognised remain provisional pending completion of a review of the Antas open pit mine plan, Mineral resource estimates for the projects acquired and studies undertaken by the former management of Avanco.

A. Consideration transferred

The consideration for each Avanco share was \$0.085 cash and 0.009 OZ Minerals' shares. During the year 100% of 2,615.6 million Avanco shares were acquired. As a result, \$222.4 million was paid in cash to the shareholders of Avanco and OZ Minerals also issued 23.5 million shares, recognised at a weighted average price of \$10.41 per share.

Acquisition-related costs of \$5.9 million (net of tax) relating to due diligence, legal, transaction and consulting fees have been recognised under other expense in the Consolidated Statement of Comprehensive Income.

Purchase consideration for Avanco acquisition	\$m
Payment of cash for acquisition	222.4
Issuance of shares for acquisition	245.0
Gross purchase consideration	467.4
Less: cash acquired	(39.1)
Net purchase consideration	428.3

The purchase consideration was measured at 100%.

B. Assets acquired and liabilities assumed

	Note	Book value recognised by Avanco \$m	Provisional fair value adjustment \$m	Provisional value recognised by OZ Minerals \$m
Cash and cash equivalents		39.1	–	39.1
Trade receivables		1.6	–	1.6
Other receivables		5.6	–	5.6
Inventories		12.6	2.6	15.2
Prepayments		1.4	–	1.4
Other assets		5.4	–	5.4
Property, plant and equipment		122.3	493.2	615.5
Total assets		188.0	495.8	683.8
Trade payables and accruals		11.6	–	11.6
Other payables & current provisions		32.7	(10.1)	22.6
Current tax provision		1.0	–	1.0
Deferred tax liabilities	3	(1.9)	172.0	170.1
Non-current provisions		11.1	–	11.1
Total liabilities		54.5	161.9	216.4
Net identifiable assets acquired		133.5	333.9	467.4
Non-controlling interest at the date of acquisition				121.9

Fair value of assets and liabilities was measured on a provisional basis for the following amounts, pending completion of the final valuation:

- / Provisional fair value adjustment for property, plant and equipment includes the value of exploration assets and mineral rights which were acquired as part of the business combination and are recognised at estimated fair value as at the date of acquisition.
- / Income and market techniques were used to estimate the fair value of property, plant and equipment and inventories having regard to expected net cash flows in future periods or, where applicable, the estimated market value of a specific asset.
- / The fair value of all other assets and liabilities were estimated by applying the cost technique which considers expected economic benefits receivable or probable economic outflows when due.

C. Non-controlling interest

	Non-controlling interest \$m
At the date of acquisition	121.9
Non-controlling interest as acquired during the year	(121.9)
Non-controlling interest as at 31 December 2018	–

15. Parent entity disclosures

As at, and throughout the financial year ended 31 December 2018, the parent entity of the Consolidated Entity was OZ Minerals Limited.

	2018 \$m	2017 \$m
Net reversal of provision for non-recovery of loan to subsidiary	101.7	8.5
Net other expense	(9.1)	(8.7)
Net profit/(loss) for the year	92.6	(0.2)
Other comprehensive income/(loss)	(6.7)	0.2
Total comprehensive income/(loss)	85.9	–

Financial position of the parent entity

Assets

Current assets	6.7	2.9
Non-current assets	2,281.6	2,125.9
Total assets	2,288.3	2,128.8

Liabilities

Current liabilities	11.8	109.5
Non-current liabilities	0.4	0.4
Total liabilities	12.2	109.9
Net assets	2,276.1	2,018.9

Equity

Issued capital	2,280.4	2,029.0
Treasury shares	(1.2)	(1.4)
Retained earnings	245.4	239.8
Accumulated losses	(248.5)	(248.5)
Total equity	2,276.1	2,018.9

OZ Minerals Limited is able to manage its net current liability position by its ability to control the timing of dividends from its subsidiaries.

Refer to Note 13 for Contingencies and Note 16 for Deed of Cross Guarantee disclosures.

The parent entity's capital expenditure commitment as at 31 December 2018 was nil (2017: nil).

Franking account details	2018 \$m	2017 \$m
Franking account balance at beginning of year	54.5	0.9
Franking credits from income tax paid during the year	148.5	82.7
Franking debits from income tax refund received	(2.1)	(3.5)
Franking debits from franked dividend paid during the year	(29.0)	(25.6)
Franking account balance at end of year	171.9	54.5

Basis of consolidation

Investments in 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 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 and losses on transactions between companies controlled by the Consolidated Entity are eliminated on consolidation.

During the year the Consolidated Entity incorporated OZ Minerals Brazil (Holdings) Pty Ltd ACN 625 407 141 as a wholly-owned subsidiary on 5 April 2018. OZ Minerals Brazil (Holdings) Pty Ltd acquired Avanco Resources Limited (Avanco Group) by acquiring 100% of its issued share capital.

Subsidiaries

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

Entity	Country of incorporation
OZ Minerals Brazil (Holdings) Pty Ltd*	Australia
Avanco Resources Ltd*	Australia
Avanco Holdings Pty Ltd*	Australia
Estrela Metals Ltd*	Australia
AVB Copper Pty Ltd*	Australia
AVB Brazil Pty Ltd*	Australia
AVB Carajas Pty Ltd*	Australia
AVB Minerals Pty Ltd*	Australia
Estrela de Brasil Mineração Ltda*	Brazil
AVB Mineração Ltda*	Brazil
Avanco Resources Mineração Ltda*	Brazil
Vale Dourado Mineração Ltda*	Brazil
MCT Mineração Ltda*	Brazil
ACG MINERAÇÃO LTDA*	Brazil
ARL South America Exploration Ltd*	Bermuda
ARL Holdings Ltd*	Bermuda
Avanco Luc S.a.r.l.*	Luxembourg
Avanco Lux I S.C.S.*	Luxembourg
Carrapateena Pty Ltd	Australia
CTP Assets Pty Ltd	Australia
CTP Operations Pty Ltd	Australia
Minotaur Resources Holdings Pty Ltd	Australia
OZ Exploration Pty Ltd	Australia
OZ Minerals Equity Pty Ltd	Australia
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 Jamaica Limited	Jamaica
OZ Minerals Prominent Hill Operations Pty Ltd	Australia
OZ Minerals Prominent Hill 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

* Entities which are part of Avanco group.

16. Deed of Cross Guarantee

The Company and all its Australian domiciled subsidiaries listed in Note 15 to the Consolidated Financial Statements, except for, OZ Minerals International (Holdings) Pty Ltd, ZRUS Holdings Pty Ltd and Avanco Group entities are party to a Deed of Cross Guarantee ('Deed').

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 Statement of Comprehensive Income and Consolidated Balance Sheet of the entities within the Deed.

Consolidated statement of comprehensive income of the entities within the Deed of Cross Guarantee¹	2018 \$m	2017 \$m
Revenue	1,066.2	1,023.1
Other income	2.8	3.3
Mining	(266.9)	(557.5)
Processing	(140.2)	(127.3)
Freight	(68.6)	(63.6)
Site administration	(35.4)	(42.6)
Royalties	(52.5)	(52.9)
Inventory movement	(86.0)	194.2
Corporate administration	(29.0)	(23.4)
Exploration and corporate development	(60.1)	(21.1)
Other Expenses	(6.1)	(4.9)
Foreign exchange gain/(loss)	6.6	(5.8)
Profit before interest and income tax	330.8	321.5
Finance income	11.7	12.5
Finance expense	(4.2)	(3.8)
Profit before income tax	338.3	330.2
Income tax	(95.2)	(98.4)
Profit for the year	243.1	231.8
Other comprehensive loss	(26.1)	(7.4)
Total comprehensive profit for the year	217.0	224.4

¹ The presentation of the Consolidated Statement of Comprehensive Income of the entities within the Deed of Cross Guarantee has been changed as set out on page 103.

Consolidated balance sheet of the entities within the Deed of Cross Guarantee	2018 \$m	2017 \$m
Current assets		
Cash and cash equivalents	464.0	722.5
Trade receivables	67.7	121.9
Lease receivable	–	19.6
Tax receivable	2.8	–
Other receivables	476.9	10.8
Inventories	261.2	262.5
Prepayments	5.5	3.8
Total current assets	1,278.1	1,141.1
Non-current assets		
Inventories	401.6	484.4
Other assets	50.7	18.0
Property, plant and equipment	1,456.8	1,175.8
Investment in subsidiaries which are not party to the Deed	3.0	3.0
Total non-current assets	1,912.1	1,681.2
Total assets	3,190.2	2,822.3
Current liabilities		
Trade payables and accruals	124.2	93.6
Other payables	3.2	3.5
Current tax liabilities	–	101.1
Employee benefits	10.9	10.0
Provisions	0.3	6.7
Derivative financial instruments	–	11.6
Total current liabilities	138.6	226.5
Non-current liabilities		
Deferred tax liabilities	91.7	47.3
Employee benefits	1.4	1.8
Provisions	37.8	29.1
Derivative financial instruments	15.6	4.7
Total non-current liabilities	146.5	82.9
Total liabilities	285.1	309.4
Net assets	2,905.1	2,512.9
Equity		
Issued capital	2,280.4	2,029.0
Cash flow hedge reserve	(23.0)	(3.6)
Retained earnings	648.9	488.9
Treasury shares	(1.2)	(1.4)
Total equity	2,905.1	2,512.9

17. Key management personnel

Key management personnel remuneration

Key management personnel (KMP) are accountable for planning, directing and controlling the affairs of the Company and its controlled entities.

KMP remuneration for the Consolidated Entity

	2018 \$	2017 ^(a) \$
Short-term employee benefits	4,555,776	4,135,136
Other long term benefits	35,993	13,182
Post-employment benefits	149,524	128,230
Termination benefits	–	149,643
Share-based payments	1,191,713	565,794
Total	5,933,006	4,991,985

^(a) The prior year comparative value of share-based payments has been adjusted from (\$48,812) to \$565,794 and total remuneration adjusted from \$4,377,379 to \$4,991,985 to include the proportionate expense in relation the 2015 & 2016 LTIP grants.

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.

Recognition and measurement of 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 12 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.

Recognition and measurement of other long term employee benefits

Long term employee benefits include annual leave liabilities which are expected to be settled in the period greater than 12 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.

18. Related party transactions

A number of KMP, 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 KMP 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.

19. Remuneration of auditors

	2018 \$	2017 \$
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	545,000	425,000
Overseas KPMG firms	24,900	23,549
Total fee for audit services provided by KPMG	569,900	448,549
Other assurance services provided by KPMG (NGER Act)	50,000	50,000
Total audit and assurance fee	619,900	498,549
Tax compliance and other tax advisory services	202,000	180,000
Other services provided by KPMG	101,600	44,328
Total non-audit fee	303,600	224,328
Total fees	923,500	722,877

20. New accounting standards

(i) Changes in accounting policies and mandatory standards adopted during the year

The accounting policies applied by the Consolidated Entity in these Consolidated Financial Statements are consistent with those applied by the Consolidated Entity in its Annual Report for the year ended 31 December 2017 except for the application for the AASB 15 as described below.

The Consolidated Entity has adopted all of the new, revised or amending standards that are mandatory. The Consolidated Entity has for the first time applied AASB 15 Revenue from Contracts with Customers with effect from 1 January 2018.

AASB 15 Revenue from contracts with customers

AASB 15 changes the timing (and in some case, the quantum) of revenue recognised from customers. Under the previous standard revenue for domestic sales is recognised when the concentrates are delivered to the customers' premises, which is the point when the customer takes over the risk and rewards of ownership transfer. The Consolidated Entity's assessment indicates that under AASB 15, revenue is continued to be recognised on the same basis when the customer obtains control of the concentrates.

Revenue for export sales was recognised when shipments of concentrates were loaded on to the vessel as the risk and reward of ownership was transferred to the customer at that point. The Consolidated Entity's assessment under AASB 15 indicates that the export contracts are made up of two performance obligations. The first obligation is to deliver the concentrates to the port of shipment and the second obligation is to organise shipping of the concentrate, which will be satisfied when concentrates are delivered to the destination port. The Consolidated Entity assessed that revenue relating to the first obligation of delivery of the concentrates to the port of shipping will be recognised at that point and revenue relating to the shipping obligation will be recognised in future periods upon delivery of concentrates.

The impact of the change in accounting policy was accounted for using the full retrospective transitional provisions and did not have a material impact on the amount of revenue recognised as the transfer of risks and rewards under the previous AASB 118. Revenue coincides with the fulfilment of the performance obligation to transfer concentrate and revenue from freight services for cost, insurance and freight contracts is immaterial in the current and comparative periods.

(ii) Early adoption of standards

The Consolidated Entity has not early-adopted any standards in the Annual Report during the year ended 31 December 2018.

(iii) Issued standards and pronouncements not early-adopted

At the date of authorisation of the Financial Statements, the following AASB Standards had been issued but were not yet effective.

AASB 16 Leases

AASB 16 Leases eliminates the distinction between operating and finance leases and brings all leases (other than short term and low value leases) onto the balance sheet. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard is applicable to annual reporting periods beginning on or after 1 January 2019. The AASB 16 will result in higher assets and liabilities on the balance sheet and the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019 with no restatement of comparative information.

The Consolidated Entity will recognise right-of-use assets and lease liabilities for the arrangements assessed as leases on transition unless they are short term, low value, or previously did not meet the definition of a lease for arrangements in place at 31 December 2018. AASB 16 will be applied to all new arrangements entered into from 1 January 2019. Many activities of OZ Minerals' operations are conducted by contractors including mining, mine development, infrastructure and site services. Where contracts require payment of fixed charges that relate to use of equipment or property, they will be deemed to contain leases under AASB 16 and the present value of the fixed charges will be recognised as a right-of-use asset along with a lease liability. The nature of expenses relating to such fixed charges which would have been recognised as an expense attributable to the function, will change to depreciation for right-of-use assets and interest expense on lease liabilities. The variable charges required to be paid under the contracts will continue to be recognised as an expense in profit or loss or capitalised as incurred depending on the purpose for which the activity was undertaken.

The Consolidated Entity is currently undertaking an analysis of the financial reporting impact, noting that:

- / the group has not finalised the testing and assessment of all contracts, including contracts related to the recently acquired subsidiaries
- / the preliminary accounting policies remain subject to change and will be finalised and disclosed in its 2019 Half Year Financial Report along with initial application of the standard.

The Consolidated Entity is continuing its work on quantifying the impact of this standard.

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 99 to 135 and the remuneration disclosures that are contained in the Remuneration Report on pages 45 to 61, are in accordance with the Corporations Act 2001, and:
 - (i) give a true and fair view of the financial position of the Consolidated Entity as at 31 December 2018 and of its performance for the year ended on that date; and
 - (ii) comply with Australian Accounting Standards and the Corporations Regulations 2001;
 - (b) 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. The directors draw attention to page 103 of the Consolidated Financial Statements, which includes a statement of compliance with international financial reporting standards.
3. At the date of this declaration, there are reasonable grounds to believe that the Company, and the consolidated entities identified in Note 15, will be able to meet any liabilities to which they are, or may become subject because of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to ASIC Instrument 2016/785.
4. 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 2018.

Signed in accordance with a resolution of the directors.



Rebecca McGrath
Chairman
Adelaide
27 February 2019



Andrew Cole
Managing Director
and Chief Executive Officer
Adelaide
27 February 2019

Independent Auditor's Report



To the shareholders of OZ Minerals Limited
Report on the audit of the Financial Report

Opinion

We have audited the Financial Report of OZ Minerals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- / giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and
- / complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises the:

- / Consolidated balance sheet as at 31 December 2018;
- / Consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;
- / Notes including a summary of significant accounting policies; and
- / Directors' Declaration.

The Consolidated Entity consists of OZ Minerals Limited (the Company) and the entities it controlled at the year end and from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

The Key Audit Matters we identified are:

- / Acquisition accounting for the purchase of Avanco Resources Limited and its controlled entities
- / Valuation of Low Grade Gold Ore Stockpiles

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Acquisition accounting for the purchase of Avanco Resources Limited and its controlled entities

Refer to Note 14 to the Financial Report

The key audit matter

During 2018 the Consolidated Entity purchased Avanco Resources Limited and its controlled entities (Avanco).

Accounting for the purchase of Avanco is a Key Audit Matter due to the:

- / Size of the acquisition and therefore the impact on the Financial Report;
- / Significant judgement required to be exercised by the Consolidated Entity in determining the provisional fair value of acquired minerals rights, based on available information;
- / Complexity in accounting for deferred tax consequences arising on the acquisition;
- / Judgment required to be exercised by the Consolidated Entity in assessing the nature and amount recognised for obligations to make future payments based on income generated;
- / Uncertainties associated with the provisional acquisition accounting referred to in note 14; and
- / Complexity of disclosures required by accounting standards.

How the matter was addressed in our audit

Our procedures included:

- / Reading the Bidders Statement to understand the key terms and conditions;
- / Evaluating the methodology used for the acquisition accounting against accounting standard requirements and industry practice;
- / We focussed on the significant judgements made by the Consolidated Entity in assessing the provisional value of mineral rights classified within property plant and equipment. This included comparing the value of mineral rights recognised for each project to:
 - / advice received from the Consolidated Entity's external advisors in relation to the transaction; and
 - / valuations published by brokers and analysts in order to determine whether the values recognised by the Consolidated Entity were within a reasonable range.
- / Evaluating the competence and objectivity of the Consolidated Entity's external advisors and the extent to which information provided by them could be relied upon.
- / Evaluating the Consolidated Entity's measurement of the deferred tax liability arising from the recognition of mineral rights against applicable accounting standards and appropriate technical interpretative literature.
- / Evaluating the status of outstanding matters to finalise the provisional acquisition accounting and whether any new information was available which required amendment to the provisional acquisition accounting at years end.
- / Assessing the disclosure in the Financial Report using our understanding of the acquisition, obtained from our testing, against the requirements of accounting standards.



Valuation of Low Grade Gold Ore Stockpiles (\$188.4m)

Refer to Note 5 to the Financial Report

The key audit matter

Significant judgment is required to be exercised by the Group in their assessment of the value of low grade gold ore which will be combined with copper ore to be mined in the future to produce concentrate. The valuation of low grade gold ore stockpiles is a key audit matter because significant judgment is required by us in evaluating the Group's assessment of the value. The Group's assessment is based on a model which estimates future revenue expected to be derived from low grade gold ore contained in existing ore stockpiles, less selling costs and further processing costs to convert ore into concentrate. We particularly focus on those judgments listed below which impact the valuation model:

- / Future metal production levels which are dependent on the volume and grade of existing low grade gold ore stockpiles.
- / Future processing costs of low grade gold ore, and related selling costs.
- / Future commodity prices and foreign exchange rates expected to prevail when the concentrate containing gold from existing low grade gold ore stockpiles is processed and sold.
- / The timing of production which depends on the available capacity of the mill.

How the matter was addressed in our audit

Our procedures included:

- / We tested the controls relevant to:
 - / the Group's valuation of low grade gold ore stockpiles, including board authorisation of key inputs to the assessment such as commodity prices, foreign exchange rates, and processing costs; and
 - / the Group's process for recording and monitoring volumes and grades of stockpiled low grade gold ore such as the use of quantity surveyors and management review and approval of grades.
- / We assessed the methodology applied by the Group in determining the value of low grade gold ore stockpiles against the requirements of Accounting Standards for determining the net realisable value of inventories which are yet to be converted into finished goods.
- / We compared the results of quantity external surveyors to volume of low grade gold ore stockpiles.
- / We compared grades of stockpiled low grade gold ore to stockpiled low grade gold ore in previous periods, and against grades reported in the JORC Ore Reserves Statement.
- / We evaluated the Group's key assumptions used to determine the value of low grade gold ore stockpiles by:
 - / comparing forecast processing costs of low grade gold ore against historical actual processing costs to assess forecast processing cost assumptions;
 - / assessing forecast selling costs by comparing to trends from existing customer sales contracts;
 - / assessing commodity prices and foreign exchange rates applied by the Group against published analyst and broker data about commodity prices and foreign exchange rates expected to prevail in the future; and
 - / checking that low grade gold ore was only forecast to be processed when there was capacity in the mill.



Other Information

Other Information is financial and non-financial information in OZ Minerals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the 2018 Snapshot, Message from the Chairman and CEO, OZ Minerals' Company Strategy, Prominent Hill Operating Overview, Carrapateena Operating Overview, Musgrave Province Operating Overview, Brazil Operating Overview, Exploration and Growth Overview, Governance, Directors' Report, Financial Review, Remuneration Overview, Sustainability Report, Mineral Resources and Ore Reserves, and Shareholder Information. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- / preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- / implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- / assessing the Consolidated Entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- / to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- / to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report Opinion

In our opinion, the Remuneration Report of OZ Minerals Limited for the year ended 31 December 2018, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included within the Directors' report for the year ended 31 December 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

We draw attention to footnote (h) to Table 11 in the Remuneration Report, which describes the effect of the restatement of performance rights disclosed as comparatives. Our opinion is not modified in respect of this matter.

KPMG

Paul Cenko
Partner

Adelaide

27 February 2019

Shareholder information

Capital

Share capital comprised 323,874,831 fully paid ordinary shares on 14 February 2019.

Shareholder details

At 14 February 2019, OZ Minerals had 41,350 shareholders. There were 587 shareholdings with less than a marketable parcel of \$500 worth of ordinary shares.

Top 20 investors at 14 February 2019

Name	Number of shares	Issued Capital %
HSBC Custody Nominees (Australia) Limited	113,660,500	35.09
J P Morgan Nominees Australia Pty Limited	51,461,243	15.89
Citicorp Nominees Pty Limited	44,025,071	13.59
National Nominees Limited	22,665,918	7.00
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	5,716,619	1.77
BNP Paribas Noms Pty Ltd <DRP>	4,211,596	1.30
Citicorp Nominees Pty Limited <Colonial First State INV A/C>	3,518,749	1.09
HSBC Custody Nominees (Australia) Limited <NT-Commonwealth Super Corp A/C>	2,470,050	0.76
Romsup Pty Ltd <Romadak Super Fund A/C>	2,467,057	0.76
UBS Nominees Pty Ltd	2,104,860	0.65
Glencore Australia Holdings Pty Limited	1,827,891	0.56
HSBC Custody Nominees (Australia) Limited-Gsco Eca	1,221,284	0.38
OZ Minerals Equity Pty Ltd <DESP A/C>	1,200,106	0.37
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	1,067,773	0.33
Pacific Custodians Pty Limited OZL Plans Ctrl	1,047,683	0.32
Sandhurst Trustees Ltd <Harper Bernays Ltd A/C>	994,730	0.31
Bainpro Nominees Pty Limited	977,547	0.30
AMP Life Limited	956,735	0.30
Mr Jose Manuel Do Rego Medeiros	850,000	0.26
National Nominees Limited <DB A/C>	666,847	0.21
Total	263,112,259	81.24

Substantial shareholders of OZ Minerals Limited at 14 February 2019

BlackRock group advised that as at 23 January 2019, it and its associates had an interest in 35,776,382 shares, which represented 11.04 per cent of OZ Minerals capital at that time.

Cooper Investors advised that as at 23 August 2018, it and its associates had an interest in 21,812,707 shares, which represented 6.76 per cent of OZ Minerals capital at that time.

Dimensional Entities advised that as at 10 November 2015, it and its associates had an interest in 21,336,936 shares, which represented 7.03 per cent of OZ Minerals capital at that time.

Investor categories at 14 February 2019

Ranges	Number of investors	Number of shares	Issued capital %
1 – 1,000	30,651	10,716,936	3.31
1,001 – 5,000	8,776	19,603,204	6.05
5,001 – 10,000	1,253	8,990,261	2.78
10,001 – 100,000	615	14,450,354	4.46
100,001 and Over	55	270,114,076	83.40
Total	41,350	323,874,831	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. 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 performance rights on issue in addition to ordinary shares. The details of the securities held as at 14 February 2019 are as follows:

Class of security	Number of holders	Number of securities
Performance rights	305	2,047,737

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

A fully-franked final dividend of 15 cents per share will be paid on 26 March 2019. An interim dividend of eight cents per share fully franked was paid to shareholders on 17 September 2018. This brings the total dividend for calendar year 2018 to 23 cents per share fully franked.

Dividend payments

Your dividend payments are credited directly into any nominated bank, building society or credit union account in Australia.

Annual Report

You can access a full copy of the Annual Report online at ozminerals.com. If you no longer wish to receive a hard copy of the Annual and Sustainability Report, log into your shareholding or contact our share registry to update your shareholder communication instructions.

Share registry information

The OZ Minerals share registry is maintained by Link Market Services Limited.

Visit Link Market Services' website 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 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 information can be found on the back cover of this report.



Glossary

Acid rock drainage

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

Biodiversity

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

Carbon dioxide equivalent (CO₂-e)

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

Copper concentrate

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

Footprint

The area disturbed by OZ Minerals' operations and activities.

Global Reporting Initiative (GRI)

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

Greenhouse gases

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

Hectare (ha)

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

IUCN Red List

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

Kilolitre (kL)

One kilolitre is equal to one thousand litres.

Leading my career

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

Lost time injury frequency rate (LTIFR)

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

Megalitre (ML)

One megalitre is equal to one million litres.

Significant community issues

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

Significant incidents

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

Significant occupational exposures

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

Site culture development strategy

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

Stakeholders

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

Tailings

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

Tailings storage facility (TSF)

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

Total recordable injury frequency rate (TRIFR)

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

Waste rock

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



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