

A modern mining company



18 February 2020

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

Dear Sir/Madam,

OZ Minerals 2019 Annual and Sustainability Report

OZ Minerals today announced its results for the full year ended 31 December 2019. Attached is the Appendix 4E and 2019 Annual and Sustainability Report including:

- Directors' Report
- Remuneration Overview and Report
- FY19 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 that tapers to the right.

Michelle Pole

Company Secretary and Senior Legal Counsel

This announcement is authorised for market release by OZ Minerals' Managing Director and CEO, Andrew Cole.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

We have provided this results announcement to the market 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 2019 (financial year) compared to the year ended 31 December 2018 (comparative period).

Consolidated results, commentary on results and outlook

	31 December 2019 \$m	31 December 2018 \$m	Movement \$m	Movement %
Net Revenue	1,107.0	1,117.0	(10.0)	(0.9)
Profit after tax attributable to OZ Minerals Limited equity holders	163.9	222.4	(58.5)	(26.3)

The commentary on the consolidated results and outlook, including changes in the state of affairs and likely developments of the Consolidated Entity, is set out in pages 8 to 18 and within the financial review section of the Directors' Report (page 24).

Net tangible assets per share

	31 December 2019 \$ per share	31 December 2018 \$ per share
Net tangible assets per share	8.66	9.03

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, on 18 February 2020 the Board of Directors resolved to pay a fully-franked dividend of 15 cents per share. The record date for entitlement to this dividend is 12 March 2020. The financial impact of the dividend amounting to \$48.6 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2019 and will be recognised in subsequent consolidated financial statements.

Dividends announced or paid since 1 January 2018

Record date	Payment date	Fully franked cents per share	Total dividends \$m
12 March 2020	26 March 2020	15	48.6
3 September 2019	17 September 2019	8	25.9
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

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 the OZ Minerals' 2019 Annual and Sustainability Report.



OZMINERALS.COM
A MODERN MINING COMPANY

2019 Annual and Sustainability Report





**FRONT COVER & INSIDE COVER:
NEW CARRAPATEENA MINE**

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.



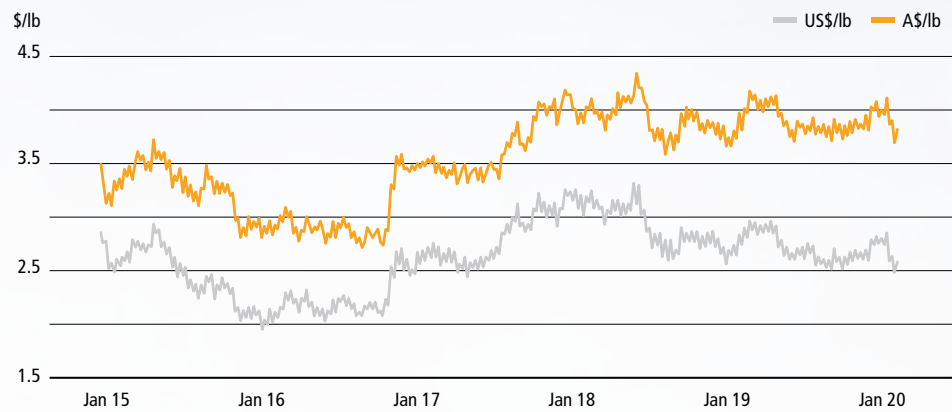
Contents

2019 Snapshot	02
Message from the Chairman and CEO	04
Operating Review	06
Company Strategy	06
Prominent Hill	08
Carrapateena	10
Musgrave	13
Carajás	14
Gurupi	16
Exploration and Growth	17
Governance	19
Directors' Report	23
Financial Review	33
Remuneration Overview and Report	49
Sustainability Report	70
Mineral Resources and Ore Reserves	105
Financial Report	111
Shareholder Information	158

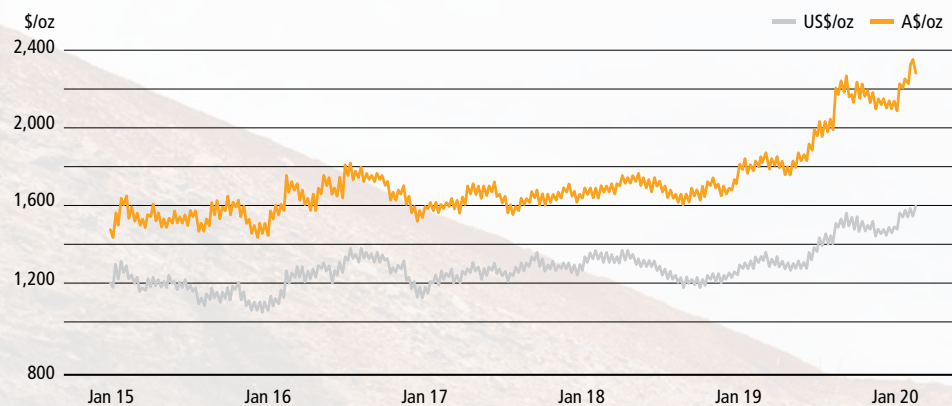


2019 Snapshot

Copper Pricing



Gold Pricing



Full year Financial Results Summary

	2019 \$m	2018 \$m
Group revenue	1,107.0	1,117.0
EBITDA	462.4	540.4
Net depreciation	(228.9)	(228.5)
EBIT	233.5	311.9
Net finance income (expense)	(4.9)	6.9
Income tax (expense)	(64.7)	(90.5)
Underlying NPAT	163.9	228.3
Non-underlying expenses	0.0	(5.9)
NPAT	163.9	222.4
Dividends per share (cents)	23	23

Tonnes of copper produced:

109,289

Ounces of gold produced:

128,874

All Assets

● **Prominent Hill**

- / Underground operations
- / Copper concentrate (containing gold and silver)

● **Carrapateena**

- / First saleable concentrate in December 2019
- / Copper concentrate (containing gold and silver)

● **Carajás Province**

- / Antas operation to become Carajás Hub
- / Pedra Branca underground mine in construction

◆ **Musgrave Province**

- / West Musgrave with Cassini Resources Limited
- / Pre-feasibility study completed Q1 2020

◆ **Gurupi Province**

- / CentroGold project to become Gurupi Hub

▲ **Coompana**

- / With Mithril Resources Limited
- / Targeting copper/nickel magmatic sulphide mineralisation

▲ **Eloise**

- / Exploration joint venture with Minotaur Exploration in QLD

▲ **Jericho**

- / Exploration joint venture with Minotaur Exploration in QLD

▲ **Lannavaara**

- / With private explorer Mineral Prospektering i Sverige in the Norrbotten district of northern Sweden

▲ **Maslins**

- / IOCG exploration project with Investigator Resources Limited in SA

▲ **Red Metal multi-site exploration alliance**

- / Yarrie for copper–gold in WA
- / Nullarbor for copper–gold and copper–nickel in WA
- / Gulf for copper–gold in QLD
- / Lawn Hill for zinc–lead–silver in QLD
- / Three Ways for zinc–lead–silver in QLD
- / Mount Skipper for zinc–lead–silver–copper in QLD

▲ **Oaxaca**

- / With Acapulco Gold Corp
- / Targeting copper/zinc VHMS systems in southern Mexico
- / Exited JV in Q4 2019

▲ **Painirova**

- / With Mineral Prospektering i Sverige in northern Sweden

▲ **Paraiso**

- / With Peruvian company Inversiones Mineras La Chalina S.A.C.
- / Targeting IOCG deposits in the Arequipa district of southern coastal Peru

Message from the Chairman and CEO

Dear shareholders,

We are pleased to present OZ Minerals' Annual and Sustainability Report for 2019.

As with previous years, we have provided an overview of our financial and non-financial performance to holistically look at value creation for our stakeholders – employees, communities, governments, shareholders and suppliers – over the past year and looking ahead to 2020.

This report will provide insight into our strategy, governance, performance and prospects, as we move from being a single mine, Australian-based business, to a global Modern Mining Company with three operating assets and a strong pipeline of growth options.

Going beyond what's possible to make lives better

Over the past three years we have progressed our growth strategy, more than doubling the number of operating mines, our share price and our workforce. During this period many people, including Board members and employees, joined OZ Minerals because they identified with our culture, how we do things and what we stand for.

With this insight into what makes OZ Minerals distinctive, we jointly created our Purpose – *Going beyond what's possible to make lives better*.

More than a tagline, it shows how we intend to evolve, transform and be a part of something greater than ourselves. It brings meaning and direction to our work, as we use it to test ourselves at every level of what we do.

We continued to strengthen our business focus through refining our strategy and developing a framework to show how various parts of OZ Minerals fit together. The framework includes our Purpose, our desire to be a Modern Mining Company and our Strategy to create value for our five stakeholder groups and is known as *The OZWay* (page 6).

Safety at OZ Minerals

As our business continues to grow, safety remains our priority at OZ Minerals and is an integral part of everything we do. Our overall total recordable injury frequency rate (TRIFR) was 6.27 compared to 7.52 in 2018. The 2019 TRIFR of 6.27 includes unaudited figures from Brazil. Excluding Brazil, the TRIFR rate for 2019 was 7.52.

During the year, we were saddened and confronted by a fatal incident involving an ElectraNet sub-contractor, who was a helicopter pilot working on stringing the power line to our Carrapateena project. His death has had a profound effect on the whole Company, especially the Carrapateena team.

Building a strong foundation for future growth

Our devolved organisational structure has enabled:

- / continued focus on sustained reliable performance at the Prominent Hill mine, which has ongoing life extensions anticipated and a significant existing resource to support expansion studies
- / construction of the Carrapateena mine, with a shorter, 12-month ramp up to full production rates now being targeted following first concentrate production in December 2019
- / development of the Carajás Hub strategy in Brazil with construction having started in December 2019 on the Pedra Branca underground mine which will become the first spoke in the Carajás Hub
- / development of a series of strategic agreements with Vale to advance our low risk, modest capital Carajás Hub strategy
- / the consolidation of and embedding of our culture and governance processes.

We furthered the breadth and depth of experience of the Board as we welcomed Richard Seville as a new Non-executive Director. Richard's suite of skills includes extensive mining experience, much of it in South America, as well as executive management experience and entrepreneurial and commercial skills.

We also appointed an in-country Advisory Board in Brazil, comprised of several high calibre Brazilian leaders from various sectors to provide additional strategic depth as we implement a low risk, modest capital, hub strategy in the Carajás and Gurupi Provinces.

Partnering for innovation and agility

As a Lean organisation we believe Partnering will help us achieve transformative change. Over the last year we have taken the first steps towards building true partnerships. Some of these partnerships were unique, because of who we partnered with.

The Explorer Challenge in partnership with Unerthed

Working with Unerthed, an energy and resources open innovation platform, to find new approaches and ways of working to drive up the discovery rate of economic mineral deposits, and speed up the exploration lifecycle for a more sustainable and efficient future for mineral exploration.

2019 Financial and Operational Highlights

\$1,107.0 million revenue

\$163.9 million statutory net profit after tax

\$134.0 million cash balance with no debt

50.7 cents earnings per share

Total dividends for 2019: 23 per share fully franked

Fifth successive year copper production and cost guidance met at Prominent Hill

Carrapateena produced first saleable concentrate

Brazilian asset strategy developed for Carajás and Gurupi

Further exploration earn-ins in Australia, Brazil, Peru and Sweden

OZ Minerals Stakeholder Day

A joint OZ Minerals Stakeholder Day brought together a cross section of people from very different backgrounds, but with a shared interest in working with OZ Minerals to showcase, learn and reflect on ways to create shared value.

Strategic agreements with Vale

Working with Vale, Brazil's largest miner and Carajás tenement holder, we have put in place a series of agreements to advance our low risk, modest capital Carajás Hub strategy in Brazil. This series of interlinked strategic agreements with Vale will simplify activities and enable OZ Minerals to draw on Vale's extensive transport and logistics network, utilise their processing facilities and access small to medium high-grade Vale exploration projects in the Carajás region.

A multi-site exploration alliance with Red Metal Limited

OZ Minerals entered an exploration alliance with Red Metal Limited, a junior explorer, which has increased our exploration footprint in Australia. The alliance gives us a two-year option to fund a series of mutually agreed, proof-of-concept work programs on six of Red Metal's early-stage projects.

Responsible and sustainable investment

Awareness and action on climate-related opportunities and threats are increasing rapidly in the resources sector and more broadly.

With a view to creating more sustainable operations, we have developed a roadmap to manage climate-related opportunities and threats based on the Task Force on Climate-related Financial Disclosures (TCFD), the market-endorsed, internationally recognised framework for disclosure. Actions outlined in our roadmap are intended to embed climate-related risk within *The OZWay* and progressively expand our performance and overall approach, creating value for all stakeholders.

A robust balance sheet supported by strong financial results enabled continuing investment into growth activities, \$74.3 million in dividends to shareholders and a cash balance of \$134.0 million. The Board has declared a total, fully-franked dividend for 2019 of 23 cents per share, made up of a half year payment of 8 cents per share and an end-year payment of 15 cents. 2019 earnings per share totalled 50.7 cents.



2020 Priorities

Global growth in 2019 recorded its weakest pace since the global financial crisis a decade ago, as rising trade barriers and the associated uncertainty weighed on business sentiment and investment activity. Despite this, the long-term outlook for copper remains attractive due to its importance in enabling economic development and emerging technologies. Building on the momentum of this outlook, OZ Minerals delivered on our Strategy in the past year and achieved an upward growth trajectory.

We are now at a point where our efforts in 2020 will be focused on consolidating and strengthening our current position. This will support the delivery of our future growth ambitions in the coming years. We will do this by:

- / strengthening our approach to safe work in all our operations
- / progressing the implementation of our TCFD Roadmap
- / delivering reliable and consistent asset performance
- / ramping up towards full production at Carrapateena
- / optimising our future growth pipeline through our province approach, expansion studies at Prominent Hill and Carrapateena, and exploration joint ventures
- / fostering innovation and collaboration through strategic partnering

We are optimistic about what can be achieved together with our employees, communities, governments, shareholders and suppliers in the coming year.

Our achievements of today and tomorrow are built on your support and we are honoured to lead OZ Minerals, a Modern Mining Company.

Rebecca McGrath
Chairman
Adelaide
18 February 2020

Andrew Cole
Managing Director and CEO
Adelaide
18 February 2020

Strategy – *The OZWay*

We are a Modern Mining Company that has grown over the past three years. To ensure all the people we interact with understand us, we have developed *The OZWay* – a simple model that explains how all the parts of OZ Minerals fit together. At the centre is our Strategy and wrapping it together is our Purpose – *Going beyond what's possible to make lives better.*

Here is an explanation of each of the elements in *The OZWay*.

Our Context is what happens in the world around us. As a Modern Mining Company, with a focus on Global Copper, we are agile to the changes in our *Macro Environment* and we listen and act on our *Stakeholder Expectations*. As a listed company we have a Constitution and we intend to always meet or exceed the *Laws and Regulations* in the places we work.

Our Choices define who we want to be. Our “how” focussed **Strategy** guides our priorities and together we agree on the *Risk Appetite* that we work within. Everything we do is about value creation and our *Policies* talk about how we do that in the different cultures and conditions where we work. Our *Code of Conduct* provides for a culture of inclusion where motivated people act ethically and responsibly. Our behaviours and principles are lived through our *How We Work Together* principles.

Our Enablers bring our **Strategy** to life and empower our people to succeed. Our *Organisational Model* is devolved to Corporate Functions and Assets whose leader's accountabilities are outlined in our *Global Process Standards* and *Specifications*. The devolved organisation is connected through risk management and our *Global Performance Standards* set the minimum requirements for managing material threats. We are proud of our culture and see this as our most significant enabler for success.

Our Work is done by our Corporate Functions and Assets. It is prioritised using *Risks* in the context of both threats and opportunities. We are innovative in the development of our Business Plans and we use Value Creation to ensure we invest responsibly. As a Lean organisation we know when Partnering makes sense and we ensure the *Capability* of our people, processes and technologies allows us to deliver. We regularly set and track our *Goals* aligned to our effective planning.

Our Performance gives us the drive to continue to grow. We measure our *Compliance* to ensure we are doing what we say we will do. Our internal and external *Reporting* is data driven, and outcome focussed with the right people having the right information at the right time. We act with integrity and our *Engagement* with our stakeholders ensures we continue to deliver Value Creation. Our *Assurance* processes are there to make sure *The OZWay* is always followed and continuously improved.

Value Creation for *Employees, Communities, Governments, Suppliers* and *Shareholders* is core to who we are as a Company. We are collectively the people who make up OZ Minerals and *How We Work Together* will ensure we are *Going Beyond What's Possible to Make Lives Better*.



Prominent Hill

Prominent Hill produced 102,479 tonnes of copper and 122,703 ounces of gold in 2019 at a lowest quartile C1 cost of 55.8 cents per pound.

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 fifth successive year. Prominent Hill generated \$440.3 million in free cashflow which helps us to develop our asset base and realise our growth aspirations. Prominent Hill's mine life was extended to 2031 with a 7% increase in Proved underground Ore Reserves^(a). Mine expansion options are also being reviewed to assess opportunities to further extend the mine's life.

Highlights for 2019

- / Continued to ramp up underground mine production to 4.0Mt, with plant feed being supplemented with existing surface copper and gold stockpiled ores.
- / Successful gold ore processing trials are expected to result in gold recovery rates increasing to approximately 77% from 71% for the 2020 calendar year^(b).
- / Improved our workforce diversity with an increase in Aboriginal participation.
- / Successfully completion of a scheduled site evacuation for four days when the Department of Defence conducted testing in the Woomera Prohibited Area.
- / A new 270 km transmission line currently being built as a part of OZ Minerals' South Australian power strategy, to meet operational requirements and enable our growth strategy for the region, and final tie-in is scheduled for 2020.
- / Completed phase one of the underground expansion study diamond drilling campaign and successfully progressed to phase two with 9.4 km of drilling.
- / Completed a review of the site's Critical Risk Management safety framework.
- / Shaft haulage identified as the preferred method to handle potential production expansion scenarios in the Malu underground materials handling study. This work will now be refined as part of the expansion study.
- / Construction of the Malu Paste Plant began and structural, mechanical and piping (SMP) package completed.
- / Over 1,000 competitors entered the Explorer Challenge competition and drilling began on identified targets near Prominent Hill mine. Seven holes were drilled in Q4 2019. More targets in these and other exploration areas are scoped to be drilled in 2020.

Safe and reliable operations

An expansion study to increase production post 2023 and extend the life at Prominent Hill is underway. The study builds on initial work conducted in early 2018, which supported further drilling and a materials handling study to test critical assumptions, including our geological interpretation of the area below the current Malu Life Of Mine area.

Results from phase one of the expansion study diamond drilling (9.4 km) were encouraging and supported a second phase of drilling which will continue throughout 2020. These results, along with data from our materials handling study, will be incorporated into the broader expansion study and will be used to confirm the overall best value option as the basis for mine expansion and life extension.

This study will continue throughout 2020, as we continue to define the resource and evaluate the various expansion cases.

A key aspect of the expansion study will be to consider equipment powered by diesel alternatives and the opportunities enabled by automation to improve productivity and health and safety outcomes. A clear view on the potential underground expansion is expected in late 2020.

The processing of the regular grade gold stockpiles has been brought forward to the start of 2020 in place of the low grade copper stockpile after our gold ore processing trial this year demonstrated improved gold recovery. Data from the gold ore processing trial has also been used to develop metallurgical models that are now included in the 2020 business planning cycle.

We successfully completed a scheduled plant shutdown and site evacuation for four days when the Department of Defence conducted testing on the Woomera Prohibited Area. The closure enabled us to test our flexible work approach and gave us the opportunity to trial a temporary remote operating centre from our Adelaide office, which proved very successful. As a result, it will become a more permanent facility going forward.

The total recordable injury frequency rate for Prominent Hill in 2019 was 8.45, which was higher than the previous year. This was due to an increase in the number of recordable injuries of low severity resulting from more project work on site.

^(a) Further details are contained in the announcement entitled "Significant growth in Carrapateena Resources; Prominent Hill mine life extended to 2031" which was released to the market on 12 November 2019 and is available to view at ozminerals.com/media/asx

^(b) Further details are contained in the announcement entitled "Third Quarter Report 2019 for the three months ending 30 September 2019" which was released to the market on 16 October 2019 and is available to view at ozminerals.com/media/asx

^(c) Please refer to Mineral Resources and Ore Reserves section (page 105) for full disclosure.

Working with our community

The Prominent Hill team and the Antakirinja Matu-Yankunytjatjara people, through their business entity AMY Nominees, were jointly nominated in the 2019 Aboriginal Enterprises in Mining Energy and Exploration (AEMEE) Awards as a finalist for the Resource Sector Collaboration Award. This nomination recognises OZ Minerals' commitment to improving business outcomes for Traditional Owners and working together for shared success.

During the year, we increased engagement at the Coober Pedy Area School, with a school excursion held at the mine site and an exciting new VET pathways program being designed in collaboration with Career Employment Group, Port Augusta Secondary School and the Antakirinja Matu-Yankunytjatjara people.

We also evolved our relationship with local pastoralists. Informal sessions were hosted at the site in training and lunch-and-learn seminars, and a Christmas in July event was attended by the Chief Executive Officer and Site Management Team. These activities along with a broad range of site employees attending station events saw vital relationships further enriched during the year.

Explorer Challenge

The Explorer Challenge brought together more than 1,000 active competitors from 64 different countries over three months, all competing for a million dollar prize pool. Entrants were challenged to turn previously unreleased Prominent Hill data into new knowledge to help us find new and innovative ways to interrogate the data we collect and identify new targets to test with drilling programs.

The competition brought together a diverse range of participants from inside and outside the extraction industries, who helped us gain different perspectives on our multi-layered data sets.

The winning entry from Team Guru employed interpretable machine learning models for mineral exploration using geochemistry, geophysics and surface geology.

Six targets were identified in the competition and drilling began in late October. In addition to direct target generation, the techniques and methodologies employed in the competition have been considered for application in other projects across the OZ Minerals portfolio.

The Explorer Challenge won the South Australian 2019 Premier's Awards for Innovation: Productivity Improvement, which recognises excellence in the development or implementation of innovative programs or projects in the Resources sector.

Our focus in 2020 is to:

- / embed our refreshed Critical Risk Management safety program
- / maintain strong operating discipline to reliably deliver results in the bottom half of the cost curve
- / continue to extend mine life year on year
- / increase the skill, diversity, and agility of our mine-site workforce by finding new ways to connect people to our Company, such as through the activities-based Team Tasker app
- / complete the Prominent Hill expansion study
- / commission the Malu Paste Plant and fans
- / complete the construction and tie-in of our new transmission line
- / continue to invest in upgrading the site's data processing and remote operating capability
- / further drilling of targets identified in the Explorer Challenge.

Overview

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

Product: Copper concentrate (containing gold and silver)

Mining method: Underground mine, supplemented by open pit stockpile

Processing method: Conventional crushing, grinding and flotation

Mineral Resources: 140Mt at 1.0% copper, 0.7g/t gold, and 3g/t silver^(c)

Underground Ore Reserves: 39Mt at 1.3% copper, 0.6g/t gold and 3g/t silver^(c)

Surface Stocks Ore Reserves: 23Mt at 0.3% copper, 0.6g/t gold and 2g/t silver^(c)



Carrapateena is an underground sub-level cave operation, with an estimated mine life of 20 years currently ramping up to 4.25 Mtpa.

Carrapateena is located in a region highly prospective for additional resources, with known mineralisation at Khamsin and Fremantle Doctor.

Overview

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

Product: Copper concentrate (containing gold and silver)

Status: First saleable concentrate produced in December 2019, ramping up to steady state production

Resources: 965Mt at 0.54% copper, 0.24 g/t gold and 2.7 g/t silver^(a)

Reserves: 91Mt at 1.6% copper, 0.67 g/t gold and 7.6 g/t silver^(a)

Expansion studies: Estimated increase to average life of mine copper production from 65,000 tpa to ~105,000–125,000 tpa from 2026 with reduced life of mine all-in sustaining costs.

^(a) Please refer to Mineral Resources and Ore Reserves section (page 105) for full disclosure.



Carrapateena



Carrapateena is an iron-oxide–copper–gold (IOCG) underground mine located in the highly prospective Gawler Craton in South Australia approximately 250 km from the Prominent Hill mine. Carrapateena produced first concentrate in December 2019 following a three-year construction period and is targeting a 12 month ramp up period to achieve its full production rate of 4.25 Mtpa, provided the cave propagates as expected. It is an underground sub-level cave operation with an estimated mine life of 20 years. A feasibility study is underway into the future expansion of the bottom half of the operation into a block cave.

Highlights for 2019

- / First saleable concentrate produced in December 2019, with 295,000 tonnes of development ore stockpiled on the surface at the end of the year.
- / Total development reached 21,922 metres (4,900 metres for the Tjati decline) with a vertical depth of 702 metres.
- / The site was connected to the grid power network by a dedicated transmission line. The minerals processing plant produced first saleable concentrate in December.
- / A seismic monitoring system was installed and commissioned.
- / The 550 person Tjungu accommodation village was completed.
- / A 1,600 metres sealed aerodrome commissioned in 2018 continued safe operation with a 98% on time flight performance.
- / The operation's workforce was recruited on time and under budget with 87% of recruited employees residing in South Australia.

- / Tailings storage facility completed on schedule.
- / Plans are underway to expand the Carrapateena operations, with the Carrapateena block cave expansion study in pre-feasibility stage and the Carrapateena life of province plan in scoping study, furthering our provincial approach to mine development.
- / Stage 1 of the northern well field was commissioned and is supplying water to site.
- / All ventilation fans were commissioned.
- / Improvements were made to the southern access road in consultation with stakeholders to accommodate oversize and over mass vehicles entering site.
- / Over 600 people have worked on site, with 20% linked to the Upper Spencer Gulf.

Safety focus

Throughout the year, 24 new Carrapateena Emergency Response Team (ERT) members completed specialist training in Underground Emergency Response. The 'Bring It Home' safety initiative was launched to further embed behavioural safety practices as the site was completing surface construction activity and continuing to stockpile underground ore.

The total recordable injury frequency rate for 2019 has reduced to 7.24 down from 7.52 during 2018. An increase in lower consequence injuries was also recorded at Carrapateena and a review of current site task-based behaviour programs has commenced. During the year, there was a fatal incident involving an ElectraNet sub-contractor, who was a helicopter pilot working on stringing the power line to the Carrapateena project. The incident had a profound effect on the whole Company, especially the Carrapateena team.

Working with our community – Carrapateena

A focus of Carrapateena has been stakeholder engagement and involvement. Throughout 2019, we continued to create value for our stakeholders by:

- / ensuring a 'South Australia first' recruitment strategy – over 80% of our Operations' workforce live in South Australia with numerous employees relocating to South Australia to take up employment at Carrapateena; 20% of the Operations workforce reside in the Upper Spencer Gulf
- / hosting local leaders, including the Mayors and CEOs of the three Upper Spencer Gulf cities for a site visit to observe construction progress and discuss opportunities for further regional value creation
- / working closely with our pastoral stakeholders seeking innovative ways to create value, such as the supply of treated water for stock watering in a period of drought
- / supporting our Traditional Owners, the Kokatha People, to seek employment and business opportunities with the operation
- / directly engaging local pastoralist and Kokatha businesses, including in dust suppression, road maintenance, laboratory courier services, fence construction and other construction related activities
- / hosting a Kokatha specific processing training program in partnership with TafeSA, the Kokatha Aboriginal Corporation and other groups
- / supporting entry level employment programs with our site services partner, ISS
- / supporting various local community events and initiatives including the first multi-trade program with other major employers in the region, hosted in Port Pirie
- / seeking apprentices from the Upper Spencer Gulf
- / engaging multiple local suppliers in contracting opportunities both directly and through our contracting partners, with a total value of more than \$7.2 million awarded.

The Carrapateena team participated in the Port Pirie Jobs Fair and ran the first OZ Minerals Career Hub, an innovative way of streamlining the interview and recruitment process to make it more accessible for regional applicants.

The team also finalised a cross-asset graduate program for its 2020 intake, with participants now able to gain experience at Carrapateena and Prominent Hill. The Regional Training Community of Practice also met for the first time with local registered training organisations, further building positive relationships with local Upper Spencer Gulf businesses.

Our focus in 2020 is to:

- / advance psychologically safe work culture
- / safely ramp up to full production target of 4.25Mtpa by end 2020
- / progress the Carrapateena expansion study, including fundamental caving and infrastructure studies
- / investigate additional technological opportunities such as mine to mill digitisation
- / trial a 250 kW hybrid energy solution facility to develop renewable energy solutions and demand management opportunities. This is part of the Energy and Mining Collaboration, an initiative by OZ Minerals in collaboration with Adelaide University, CSIRO, the Department of Energy and Mining, the Rocky Mountain Institute, SunSHIFT and the Tonsley Innovation Precinct

- / continue to explore province expansion and future life extension options through drilling at Khamsin, Fremantle Doctor, the Saddle and Carrapateena
- / optimise our workforce composition with an emphasis on diversity and workforce flexibility
- / continue to focus on providing local supply opportunities
- / maintain stakeholder relationships and continuously consider stakeholder value creation initiatives.

Carrapateena mine and province expansion

The Block Cave Expansion Scoping Study was completed in 2019 and determined that replacing the lower half of the sub-level cave with a block cave and expanding the annual throughput rate from 4.25Mtpa to 10–12Mtpa from 2026 could create significantly more value than a sub-level cave development alone.

The study outlined the potential to increase average life of mine copper production from 65,000 tpa to ~105,000–125,000 tpa from 2026 and reduce life of mine all-in sustaining costs.^(b)

The project has now moved to the pre-feasibility stage, which is expected to be completed by mid-2020. Diamond drilling has begun to help improve our understanding of the geotechnical aspects and resources of the sub-level cave and potential block cave areas to support ongoing expansion studies.

A drilling program has also commenced to help us understand the full potential of the wider Carrapateena province, including drilling sites at Khamsin, Fremantle Doctor, the Saddle and Carrapateena itself.

The drill program at the Punt Hill joint venture with Red Metal Limited was completed during the year with six holes drilled. We exited this earn-in agreement in Q4 2019.

OZ Minerals has also entered into a new exploration earn-in agreement to explore for IOCG style resources with Investigator Resources Limited (ASX:IVR) at the Maslins prospect, located on the Stuart Shelf approximately 55 km south of Carrapateena. Field work has commenced and is focused on the Maslins geophysical anomaly, involving infill gravity and magneto-telluric (MT) surveys. Detailed interpretation and modelling of the data is underway, and drilling is expected to commence in Q1 2020.

^(b) Further details are contained in the announcement entitled "Carrapateena Block Cave Expansion has potential to optimise value and further unlock the province" which was released to the market on 6 March 2019 and is available to view at ozminerals.com/media/asx.

Musgrave

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 Australia and Northern Territory border

Earn-in agreement: Cassini Resources 30% ownership; OZ Minerals 70% ownership

Deposit: Copper and Nickel

Status: Pre-feasibility study stage

Province exploration program: One Tree Hill prospect and the Succoth deposit

The Musgrave province is a highly prospective region spanning Western Australia and South Australia. The West Musgrave project is a joint venture with Cassini Resources (ASX:CZI), with the pre-feasibility study recently completed along with the announcement of a maiden Ore Reserve estimate. Full details are available at ozminerals.com/media/asx.

West Musgrave project

The West Musgrave project is located in Western Australia, near the South Australia and Northern Territory borders. West Musgrave contains three known deposits – Nebo, Babel and Succoth – as well as the One Tree Hill prospect. The Nebo and Babel copper-nickel deposits are the current focus of drilling and studies.

We have now reached 70% ownership of the West Musgrave project and our confidence in the Nebo-Babel deposits has improved as infill drilling has enabled the conversion of Inferred Resources to the higher confidence Indicated category.

The pre-feasibility study timeline was extended in 2019 so we could complete a detailed evaluation of additional value-add opportunities. The most significant, the use of a dry vertical roller mill to reduce power consumption, has been complemented by reducing the onsite workforce through remote operations, optimising power supply and demand, and using alternative processing technologies.

In parallel with the pre-feasibility study, OZ Minerals has developed stronger relationships with the local community and progressed baseline environmental studies with a view to submitting regulatory approvals documentation in 2020. Discussions with the Traditional Owners are ongoing, with a view to developing a Mining Access agreement.

2019 highlights

- / Ran a successful collaboration Hub with 150 members of the local community in Jameson, receiving feedback on the concerns and aspirations of the Traditional Owners.
- / Collaboration Hub ran with 10 Western Australian Government departments that identified opportunities to work together to add value.
- / Planned infill drilling at Nebo and Babel completed and rigs demobilised from site.

- / Completed a mining study that examined a wide range of scenarios to arrive at an optimised project configuration.
- / Metallurgical testing confirmed recovery and concentrate quality targets for all types of ore present in the deposit.
- / Base case power reduced from 65 MW to 55 MW by developing a new flowsheet and adopting the vertical roller mill technology over a traditional Semi-Autogenous-Grinding Mill and Ball Mill circuit.
- / Established the feasibility of powering the project using a low emission diesel-solar-wind-battery solution with 70–80% renewable penetration.
- / Confirmed that an off-site, integrated operations centre will reduce the workforce required on site and provide more flexible working arrangements for our people.
- / Progressed planning for the mine access agreement and regulatory approvals.
- / Cassini Resources completed an aeromagnetic survey (3,978 line km) at the One Tree Hill prospect and a further four holes were drilled (1,486 metres).
- / Completed infill drilling (two holes, 852.9 metres) on one Succoth prospect section to confirm our geological interpretation.

Working with the community

The team worked with the local community to co-design elements of the West Musgrave project and maximise community value where possible. More than 150 community members attended a Community Consultation Hub in Jameson to learn more about the project and discuss their aspirations.

A Western Australian Government Hub process was created to introduce OZ Minerals, Cassini Resources and the project to different branches of government. Attendees from more than ten departments joined us to explore opportunities to work together and add value to the project, particularly from a community point of view. The project team also volunteered at the Desert Dust Up event in Warburton with school children from the local Ngaanyatjarraku Shire.

Our focus for 2020 is to:

- / commence development of a mine access agreement with the Traditional Owners
- / submit approvals documentation to the Western Australian regulator.

Carajás

The Carajás in Brazil is one of the world's premier IOCG mineral provinces and is host to the world's largest iron ore mine and a number of sizeable copper–gold mines. OZ Minerals has the operating open pit mine at Antas, the Pedra Branca underground project under construction, as well as the high grade copper–gold exploration projects Pantera and Clovis.

OZ Minerals has also entered into earn-in agreements with Vale S.A. for options to purchase two nearby exploration projects; Santa Lucia, an advanced exploration project approximately 40 km trucking distance from Antas, and the less advanced but highly prospective Circular North.

We are implementing a staged, low risk and capital conservative Hub strategy in the province that will see copper processing facilities serving multiple small and mid-sized mines in the region. The first Carajás Hub will be the Antas facility which will process ore trucked from the ~1Mtpa Pedra Branca underground mine, located 75 km from the Antas plant. Construction began on the Pedra Branca mine in December 2019 with first development ore expected to be reached in mid-2020.

The Antas mine produced 6,810 tonnes of copper and 6,171 ounces of gold in 2019.

Mining studies have been developed with a focus on pit wall steepening to extend the life of the mine until mid-2021.

Antas Overview

Location: Carajás province in the state of Pará in northern Brazil, ~40 km south-east of Parauapebas

Product: Copper concentrate (containing gold)

Mining method: Open pit, drill and blast

Processing method: Ore sorting, conventional crushing, grinding, flotation and filtration

Mineral Resources: 2.6Mt at 1.2% copper, 0.4 g/t gold^(a)

No Ore Reserve reported in 2019

^(a) Please refer to Mineral Resources and Ore Reserve section (page 105) for full disclosure.



2019 highlights

- / Carajás TRIFR for 2019 was 1.34 with OZ Minerals' reporting governance to be adopted in 2020.
- / A high calibre advisory board was established in Brazil complementing the strategic depth and capability of the local management team.
- / During the year, an updated risk assessment and incident investigation using the Incident Cause Analysis Method (ICAM) was introduced across the Carajás, with assistance from other OZ Minerals operations. This was combined with the roll out of OZ Minerals' governance standards.
- / Resource extension drilling was completed focusing in and below the current Antas North open pit (5,566 metres), resource infill drilling (1,115 metres) at the satellite Azevedo open pit and limited near mine exploration adjacent to the current open pit (1,244 metres).
- / Utilisation of a lower cost wall steepening approach to access deeper ore. This contributed to a site all-in sustaining cost performance of US\$2.95 c/lb.
- / Further underground drilling was progressed, with several drill holes intersecting copper bearing structures (3,200 metres) at the Clovis prospect. An exploration target of 2.0-4.0 million tonnes at a grade of 3.1-5.0% copper was determined. The potential quantity and grade of the Exploration Target is conceptual in nature.^(a)
- / The Pedra Branca Feasibility Study Update Report and preliminary mine optimisation studies were completed, to identify the best value proposition for mine scale and design.

Construction on the Pedra Branca decline began in December 2019 and first development ore is targeted for mid-2020.

- / At the Canaã Block (containing the Pedra Branca project), exploration work has focused on regional mapping, sampling and concurrent ground magnetics and EM on tenements adjacent to the Pedra Branca mine lease.

Our focus in 2020 is to:

- / safely execute development of Carajás Hub elements
- / complete implementation of OZ Minerals' governance standards.
- / continue developing Antas as a processing hub for the region.
- / maintain processing plant performance and pit operating efficiencies.
- / strengthen relationships with local community.
- / implement the updated Antas North open pit design and mine plan.
- / focus on reducing mining costs and increasing fleet efficiency further.
- / implement ore sorting technology to process stockpiled mineralised waste to generate value and gain operational performance experience to fast tracking implementation at Pedra Branca.
- / complete construction and operational ramp up at Pedra Branca.
- / obtain the Pedra Branca installation license (LI) in H1 2020.
- / continue exploration on tenements adjacent to the Pedra Branca mine lease in the Canaã Block.

Pedra Branca Overview

Location: Carajás province, Northern Brazil, in the state of Pará, ~100 km south of Parauapebas and 30 km east of Canaã

Project: High grade copper-gold underground mine

Status: Construction underway and feasibility study nearing completion.

Proposed method: Underground open-stopping

^(a) Further details are contained in the announcement entitled "Carajás Hub strategy gains pace" which was released to the market on 28 November 2019 and is available to view at ozminerals.com/media/asx.



Gurupi

CentroGold overview

Location: Gurupi region, in the state of Maranhão in northern Brazil, between the cities of Belém and São Luis and close to existing infrastructure including sealed roads, power, water and skilled labour

Status: Pre-feasibility study complete, awaiting injunction removal to begin Feasibility study

Project: Open pit gold project

Proposed method: Open pit mine, flotation and carbon-in-leach processing plant

Mineral Resource: 28Mt @ 1.9 g/t gold^(a)

Estimated mine life: 10 years minimum^(b)

Estimated annual production: 100,000–120,000 oz gold^(b)

The Gurupi province is in the state of Maranhão in northern Brazil, between the cities of Belém and São Luis. OZ Minerals' CentroGold project sits in this province and is considered to be one of the largest undeveloped gold projects in Brazil, with three main deposits: Blanket, Contact and Chega Tudo.

The larger CentroGold area is considered to host exciting exploration potential. Interpretation of a vast database of historical information, including soil geochemistry and drilling also suggests potential associated with the proximal Chega Tudo deposit and eight other known targets including Mandiocal, Sequeiro and Jibóia. The acquisition of the Jibóia exploration tenements to the north of CentroGold has expanded the total land package held to ~2,300 km² along 85 km of strike length, with the CentroGold project now comprising less than 3% of this land.

Gurupi's potential has strengthened with the CentroGold pre-feasibility study demonstrating a minimum 10-year operation could be developed for low capital investment with industry bottom half operating costs.

CentroGold

Our pre-feasibility study estimates that CentroGold will have a life of mine average gold production of 100,000–120,000 oz per annum, with 190,000–210,000 oz per annum in the first two years^(b). Construction costs are estimated to be approximately US\$155 million for a project NPV of US\$203.2 million, and a life of mine all-in sustaining cost of US\$640/ oz.

- / CentroGold is expected to become a Gurupi processing hub, servicing nearby deposits such as Chega Tudo, eleven and a half kilometres to the west. This year we have focused on permitting and village relocation planning, which involves face to face interviews for a relocation plan applying international standards. Aerial surveys were completed for the Cipoeiro township and have been expanded to the wider mining lease.
- / The Feasibility Study and further regional exploration are anticipated to begin when the injunction over the CentroGold project is removed. A final assessment report by the local INCRA (the Colonization and Rural Reform Institute) has been prepared stating their support. The report is awaiting evaluation from INCRA in Brasilia. The ANM (National Mining Agency) has also issued a favourable report that supports the planned future mining activity at CentroGold. Both are important steps in gathering institutional support for

lifting the injunction, which was granted in 2013 by a Federal Court judge against the then tenement holder citing irregularities in the grant of the environmental licence.

2019 highlights

- / We completed the pre-feasibility study, which included only the Blanket and Contact deposits and issued the maiden Ore Reserve estimate. The potential future addition of the nearby Chega Tudo deposit, following further studies, may also add to the project production profile.
- / We progressed the legal process of lifting the injunction while continuing village relocation assessments and planning.
- / We developed a low risk, modest capital hub concept for the Gurupi province.
- / We undertook limited high value resource infill drilling at the Blanket (4,646.9 metres) and Contact (6,334.9 metres) deposits.
- / We began regional exploration with drilling at the Sequeiro and Pica Pau targets in the southern end of the Gurupi landholding, with 809 metres of drilling completed at the Pica Pau target and 1,054 metres of drilling completed at the Sequeiro target.
- / We purchased the Jibóia tenement which consolidates the Gurupi greenstone belt, bringing the province total land package to 2,300 km² along 85 km of strike length.
- / Construction of a new base camp at the Jibóia project continued along with geological mapping/sampling.
- / Construction of a new metal core shed for sample storage at Chega Tudo.

Our focus in 2020 is to:

- / progress removal of the injunction
- / continue the approvals process and local community engagement programs
- / update the Mineral Resource, Ore Reserve and pre-feasibility study
- / progress to a feasibility study (contingent on injunction removal)
- / continue regional exploration
- / validate historic exploration drilling over CentroGold and Jibóia
- / commence an expanded drilling program over both the CentroGold project and ranked exploration targets (contingent on injunction removal)
- / commence an airborne survey and drilling programme (1,500 metres) over the Jibóia Project.

^(a) Please refer to Mineral Resources and Ore Reserves section (page 105) for full disclosure.

^(b) Further details are contained in the announcement entitled "Gurupi Province potential strengthened on CentroGold pre-feasibility study" which was released to the market on 11 July 2019 and is available to view at ozminerals.com/media/asx.

Exploration and growth

Growth through exploration is a central part of our strategy to create value. We have built a well-developed growth pipeline with multiple projects at different stages of maturity. This allows us to allocate resources to the most value-accretive activities and gives us more options when deciding which projects to progress. We rigorously pursue our pipeline of opportunities and if at any time we determine that a project does not have the potential to generate substantial value, we cease expenditure and withdraw from the arrangement in line with our obligation and intent to invest responsibly.

OZ Minerals has several exploration earn-in agreements in place with highly regarded explorers who provide us with expertise in specific geologies or locations. Our partners, in turn, access capital to undertake drilling programs. OZ Minerals typically works with its partners to oversee projects while they manage on-the-ground-activities.

Our exploration growth pipeline expanded this year with new earn-in agreements in the Carrapateena province (Investigator Resources Limited) and Sweden (Mineral Prospektering i Sverige), a new multi-site exploration greenfield discovery alliance (Red Metal Limited) targeting base metals mineralisation in WA and QLD, and a new joint venture in QLD (Minotaur Exploration). Our earn-in agreement with Woomera Mining Ltd was terminated, due to licence renewal issues. No field work was undertaken on our Oaxaca projects in Mexico this year while permitting was pursued, and the agreement was subsequently exited.

Exploration portfolio

Multi-site exploration alliance with Red Metal Limited

In January 2019 OZ Minerals entered into an exploration alliance with Red Metal Limited, which significantly increased its exploration footprint in Australia. The alliance gives OZ Minerals a two-year option to fund a series of mutually agreed, proof-of-concept work programs on six of Red Metal's early-stage projects, which include:

- / Yarrie for copper–gold in WA
- / Nullarbor for copper–gold and copper–nickel in WA
- / Gulf for copper–gold in QLD
- / Lawn Hill for zinc–lead–silver in QLD
- / Three Ways for zinc–lead–silver in QLD
- / Mount Skipper for zinc–lead–silver–copper in QLD

Since January, cultural heritage surveys and local level agreements have been completed at Mt Skipper and drilling has begun (single hole, 950.8 metres). No significant mineralisation was intercepted and follow up geophysical work (downhole and ground Electro Magnetic survey work) has been completed. Cultural heritage surveys and local level agreements were completed for the Nullarbor project and an infill gravity survey has identified several targets where drilling commenced in Q4 2019. We finalised an extensive magneto-telluric (MT) survey at the Three Ways project and drilling is expected to begin at that prospect in Q2 2020.

Maslins project, Investigator Resources Limited

We entered into a new exploration earn-in agreement to explore for IOCG with Investigator Resources Limited (ASX:IVR) at the Maslins prospect, located on the Stuart Shelf approximately 55 km south of Carrapateena. Investigator Resources is an ASX-listed Australian mineral explorer with extensive exploration experience in the Gawler Craton of South Australia. Infill gravity and MT surveys were conducted and detailed interpretation and modelling is complete with associated drilling anticipated in Q1 2020.

Eloise joint venture with Minotaur Exploration

OZ Minerals attained a 70% beneficial interest in the Eloise joint venture after reaching an investment of \$10 million over three years. The Cloncurry district contains strong mineral endowment in a variety of commodities. A major drill program (80 holes, 21,000 metres) was undertaken in 2019 to delineate the central portion of the mineralisation at Jericho where the best grades and thicknesses have been intercepted.

Jericho joint venture with Minotaur Exploration

In a refinement of our relationship with Minotaur Exploration in the Cloncurry area, Jericho was excised from the Eloise joint venture area to create a separate joint venture around the Jericho discovery. OZ Minerals agreed to loan carry Minotaur Exploration's funding share of Jericho from 1 April 2019 in return for an 80% beneficial interest in the project. 58 holes have been drilled with the aim of increasing confidence in the thickness and grade distribution of the J1 and J2 lodes.

We also significantly increased our footprint in the Cloncurry District of north west Queensland through formation of the Cloncurry Regional Alliance with Minotaur Exploration.

Lannavaara with Mineral Prospektering i Sverige AB

OZ Minerals has an agreement with private explorer Mineral Prospektering i Sverige (MPS) to explore for IOCG mineralisation in the Norrbotten district of northern Sweden.

OZ Minerals can earn 75% of the project by spending US\$10 million over 66 months and has the right to purchase a further 25% equity. Ground based EM and magnetic geophysical surveys were completed at the Lannavaara project in northern Sweden in 2019 along with drilling (8 holes, 1,862.9 metres). Results confirmed the presence of a low grade, structurally-controlled pyrrhotite/chalcopyrite sulphide system as well as lesser skarn mineralisation. Further ground-based geophysical surveys and drilling is planned for 2020.

Painirova project with Mineral Prospektering i Sverige AB

We expanded our partnership with Mineral Prospektering i Sverige AB by signing a new earn-in agreement on the Painirova project in northern Sweden. Painirova is located between the Mertainen iron-oxide-apatite deposit and the active Leveäniemi mine at Svappavaara in Sweden's most prolific mining belt. We made an initial commitment to spend US\$500,000 on exploration after which further budget approval can be sought to continue exploration activities.

An airborne EM and magnetic survey of 1,668 line kilometres was flown, with preliminary data highlighting several areas for follow up ground works and drilling.

Paraiso with private Peruvian company Inversiones Mineras La Chalina S.A.C.

In December 2018, OZ Minerals entered into an earn-in agreement with Inversiones Mineras La Chalina S.A.C. to explore for IOCG deposits in the Arequipa district of southern coastal Peru. We committed to spend US\$500,000 on exploration in the first 12 months, after which we can elect to proceed with the project. If we progress, OZ Minerals can earn 100% of the project by spending US\$11.5 million over five years.

Field work began during the year, with a successful community engagement process enabling a three-month geological mapping and sampling program. The program identified a number of geochemical anomalies which required further on-ground assessment and initial geophysical surveys. We have initiated the drill permitting process, which is anticipated to take six to nine months. Drilling is expected to begin in H2 2020.

Governance

Our governance framework, supported by a healthy corporate culture, helps us to deliver on our strategy and enables us to control risks and assure compliance

OZ Minerals' management structure

Our management structure, *The OZWay*, Value Creation Policies and Global Performance and Processes Standards provide clear accountabilities, lean business processes and reporting to ensure our activities are performed in line with our risk appetite and 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. We have reviewed our governance practices against the fourth edition of the ASX Recommendations which commenced on 1 January 2020 and we are pleased to report that our current practices align with emerging standards.

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 CEO and that the overall strategy is aimed at delivering value for shareholders and other stakeholders.

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%.

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

Audit Committee – assists the Board in relation to financial reporting and disclosure processes, internal financial controls, funding, financial risk management, and oversight of the internal control and risk management system's effectiveness.

People & Remuneration Committee – assists the Board in relation to the remuneration of directors, executives and employees, succession planning, the establishment and monitoring of the Employee Value Creation Policy, and oversight of risk relating to people performance management, company culture, succession planning, capacity and capability, and diversity and inclusion.

Sustainability Committee – assists the Board in relation to safety, health, environment and community (SHE&C) matters including how the Company is reporting and managing risks relating to SHE&C and its requirements for internal notification, investigation, reporting and continuous improvement.

OZ Minerals' management team

Management is responsible for implementing management systems across the business. They are also responsible for assuring the application and effectiveness of these systems through OZ Minerals' four lines of defence Audit and Assurance Governance Framework. Training and competency are part of the continuous improvement process and are detailed in the Performance Standards.

Management structure

Board of Directors^(a)

Rebecca McGrath Chairman and Independent Non-executive Director	Andrew Cole Managing Director and Chief Executive Officer	Charlie Sartain Independent Non-executive Director
Peter Wasow Independent Non-executive Director	Tonianne Dwyer Independent Non-executive Director	Richard Seville^(b) Independent Non-executive Director

Board Committees

Audit Committee	People & Remuneration Committee	Sustainability Committee
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Executive Committee

Andrew Cole Managing Director and Chief Executive Officer	Warrick Ranson Chief Financial Officer	Mark Irwin Chief Commercial Officer	Kerrina Chadwick Chief Corporate Affairs Officer	Fiona Blakely Chief People Officer
Tania Davey Chief Transformation Officer	Myles Johnston General Manager Carrapateena	Gabrielle Iwanow General Manager Prominent Hill	Steve McClare^(c) Chief Technical Officer	Carlos Gonzalez Chief Executive Brazil

Asset managers and line managers

Employees

^(a) Marcelo Bastos resigned as a Non-executive Director effective 5 April 2019.

^(b) Richard Seville commenced as a Non-executive Director on 1 November 2019.

^(c) Steve McClare was West Musgrave Operations GM & Chief Technical Officer from 13 May 2019 to 12 February 2020. Steve McClare continues as Chief Technical Officer from 12 February 2020.

SUPPORTING DOCUMENTS

- / Corporate Governance Statement
- / Value Creation Policies and supporting Performance and Process Standards
- / Board and Committee Charters
- / Company Constitution
- / Code of Conduct
- ozminerals.com/about/corporate-governance/

Governance Framework

Our governance framework has been designed to enable lean business processes that drive clear accountabilities and create room for innovation and is explained through *The OZWay*. *The OZWay* is a simple model that includes our purpose, our desire to be a modern mining company and strategy to create value for our five stakeholder pillars.

Our Context

As a modern mining company, with a focus on global copper, we are agile to the changes in our macro environment and we listen and act on our stakeholder expectations. All corporate and asset documents comply with the laws and regulations of the jurisdiction in which each asset operates.

Our Choices

We have a global devolved operating model, ensuring our assets are autonomous and accountable. We focus on what matters, and set processes that create value, embrace the global devolved model and provide clarity for new assets, partners, suppliers and employees coming into OZ Minerals.

Our How We Work Together (HWWT) Principles and underpinning behaviours are embedded in our everyday activities, core systems and processes and enable growth, innovation and collaboration. The HWWT Principles drive transparency and fair dealing and propagate a culture of performance and devolved accountability – this allows us to deliver on our Strategy.

Our Code of Conduct applies standards for appropriate ethical and professional behaviour. It provides guidelines to our employees, directors, contractors and partners as to our expectations regarding issues such as conflict of interest, gifts, entertainment and gratuities, anti-bribery and corruption, equal opportunity and speaking up.

OZ Minerals is determined to create shared value for all our stakeholders, which is at the heart of our Strategy. We have five Value Creation Policies which are designed to provide a clear representation of our intent and make our intent transparent to our stakeholders to enable them to hold us to account. Our Value Creation Policies, along with our Securities Trading, Continuous Disclosure, Anti-Bribery & Corruption, Inclusion & Diversity and Speak Up materials are publicly available.

Our Enablers

Underpinning the Policies are Performance Standards that enable us to effectively manage the material threats and opportunities that are common across OZ Minerals. The Performance Standards are grouped into four key areas - safety, environment, health and wellbeing, and social. They set out the minimum mandatory control requirements and accountabilities to manage risks, comply with the law, design operating systems with devolved accountability and provide criteria for measuring value creation performance.

The Performance Standards are 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 working 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.

Our global Process Standards and associated Specifications enable us to work effectively within our devolved model by describing the accountabilities and authorities of the Board, CEO, Executive Leads and Leads of the Corporate Functions and Assets relating to key business processes and management activities. They are the activities that we undertake that are unique to us, and the Process Standards are used by our employees, functions and assets. They define the inputs and outputs required, the processes people must follow and the delegations that they can work within.

Our Performance

Internal and external audits

Risk management, audit and assurance underpin the Process and Performance Standards as critical elements of our Audit and Assurance Governance Framework.

We conduct regular audits to systematically and objectively verify that we conform with 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 assessed risk profile.

Governance framework



Directors' Report



Directors' report

The directors present their report for the Consolidated Entity (OZ Minerals) for the financial year ending 31 December 2019 ('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; undertaking exploration activities and the development of mining projects. For additional information on the activities of the Consolidated Entity refer to the Review of Results and Operations section in the Directors' Report.

Significant changes in state of affairs

OZ Minerals produced the first saleable concentrate at its new Carrapateena mine towards the end of the year. Carrapateena is an underground copper mine in South Australia with an expected life of at least 20 years. Construction of the Pedra Branca mine was approved in November and development of the decline commenced. The underground copper mine will form part of the Carajás Hub in Brazil. The changes in the state of affairs of the Consolidated Entity are discussed on pages 6 to 18.

Dividends

The details relating to dividends announced or paid since 1 January 2018 are set out below:

Record date	Date of payment	Fully franked cents per share	Total dividends \$m
12 March 2020	26 March 2020	15	48.6
3 September 2019	17 September 2019	8	25.9
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

Directors and officers

OZ Minerals' directors and officers for the financial year ending 31 December 2019 and up to the date of this report are included in the table below:

Position	Experience and expertise	OZ Minerals specific responsibilities during 2019	Other directorships at currently listed entities	Previous directorships at listed entities (within the last three years)
Current directors				
<p>Rebecca McGrath Independent Non-executive Chairman Appointed as a Non-executive Director on 9 November 2010 and Chairman on 24 May 2017 BTP (Hons), MA (App.Sci) FAICD</p>	<p>Ms McGrath is an internationally experienced business leader, director and chairman.</p> <p>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 the UK, including Chief Financial Officer, Chief Operating Officer and Executive Management Board member Australia and New Zealand.</p> <p>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. Ms McGrath is Chairman of Scania Australia (a subsidiary of Scania AB of Sweden) and Chairman of not-for-profit organisation Kilfinan Australia.</p>	<p>Chairman of the Board Member of People & Remuneration Committee Member of the Sustainability Committee</p>	<p>Non-executive Director of Incitec Pivot Limited since September 2011 Non-executive Director of Goodman Group since April 2012</p>	<p>None</p>
<p>Andrew Cole Managing Director and Chief Executive Officer Appointed on 3 December 2014 BAppSc (Hons) in Geophysics MAICD</p>	<p>Mr Cole has over 27 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 UK.</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>Managing Director and Chief Executive Officer Member of the Sustainability Committee from 8 April 2019</p>	<p>None</p>	<p>Non-executive Chairman of Avanco Resources Limited from 13 June 2018 to 11 July 2018</p>
<p>Tonianne Dwyer Independent Non-executive Director Appointed on 22 March 2017 BJuris (Hons), LLB (Hons)</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 the Australian Institute of Company Directors and a member of Chief Executive Women and Women Corporate Directors.</p>	<p>Chairman of the People & Remuneration Committee Member of the Audit Committee</p>	<p>Non-executive Director of DEXUS Property Group since August 2011 Non-executive Director of ALS Limited since July 2016 Non-executive Director of Metcash Limited since June 2014</p>	<p>None</p>

Position	Experience and expertise	OZ Minerals specific responsibilities during 2019	Other directorships at currently listed entities	Previous directorships at listed entities (within the last three years)
<p>Charlie Sartain Independent Non-executive Director Appointed on 1 August 2018 BEng (Hons), Fellow (Australasian Institute of Mining and Metallurgy), Fellow (The Academy of Technological Sciences and Engineering)</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 Alumbrera 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 Member of the Audit Committee</p>	<p>Non-executive Director of ALS Limited since February 2015 Non-executive Director of Newmont Corporation since June 2019</p>	<p>Non-executive Director of Austin Engineering Limited from April 2015 to April 2018 Non-executive Director of Goldcorp Inc from January 2017 to April 2019</p>
<p>Richard Seville Independent Non-executive Director Appointed on 1 November 2019 BSc (Hons) Mining Geology, MEngSc Rock Engineering, MAusIMM, ARSM</p>	<p>Mr Seville has over 35 years' experience in the resources sector including 25 years as either Managing Director or Executive Director of various ASX, TSX or AIM listed companies.</p> <p>Mr Seville was Orocobre's Managing Director and CEO for 12 years before stepping down in January 2019. He remains on the Board as a Non-executive Director.</p> <p>Mr Seville is a mining geologist and geotechnical engineer, graduating from the Imperial College London and James Cook University in North Queensland. He holds a Bachelor of Science degree with Honours in Mining Geology and a Master of Engineering Science in Rock Engineering.</p> <p>In June 2019, Mr Seville was appointed Chairperson of Agrimin Limited.</p>	<p>Member of the Audit Committee from 1 November 2019 Member of the Sustainability Committee from 1 November 2019</p>	<p>Non-executive Director of Advantage Lithium since February 2017 Non-executive Chairman of Agrimin Limited since August 2019 Non-executive Director of Orocobre Limited since January 2019</p>	<p>Managing Director and Chief Executive Officer of Orocobre Limited from April 2007 to January 2019 Non-executive Director of Leyshon Resources Ltd from February 2007 to July 2017</p>
<p>Peter Wasow Independent Non-executive Director Appointed on 1 November 2017 B. Comm, GradDip (Management), Fellow (CPA Australia)</p>	<p>Mr Wasow has extensive experience in the resources sector as both a senior executive and director.</p> <p>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 Member of the People & Remuneration Committee</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 specific responsibilities during 2019

Former director

Marcelo Bastos
 Independent Non-executive Director
 Appointed on 1 September 2018
 BEng (Hons), MBA, MAICD
 Resigned as a Non-executive Director on 5 April 2019

Member of the Sustainability Committee.

Officers

Michelle Pole
 Company Secretary & Senior Legal Counsel
 Appointed on 13 December 2017 LLB, GDLP, GAICD

Ms Pole also holds the 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 holding a Bachelor of Laws from The University of Adelaide and a Graduate Diploma in Legal Practice, Ms Pole is also a graduate member of the Australian Institute of Company Directors and Certificated Member of the Governance Institute of Australia.

Meeting attendance

Attendance at OZ Minerals Limited Board and Committee meetings (1 January 2019 to 31 December 2019)

	Board meetings		Board committee meetings					
	A	B	Audit		People & Remuneration		Sustainability	
	A	B	A	B	A	B	A	B
Current directors								
Rebecca McGrath	14	14	–	–	5	5	4	4
Andrew Cole ^(a)	14	14	–	–	–	–	3	3
Tonianne Dwyer	12	14	6	6	5	5	–	–
Charlie Sartain	14	14	6	6	–	–	4	4
Richard Seville ^(b)	3	3	1	1	–	–	1	1
Peter Wasow	13	14	6	6	5	5	–	–
Former directors								
Marcelo Bastos ^(c)	2	3	–	–	–	–	1	1

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 Sustainability Committee from 8 April 2019.

^(b) Appointed as Non-executive Director on 1 November 2019.

^(c) Resigned as a Non-executive Director on 5 April 2019.

Directors' interests

Directors' interests in the ordinary shares of OZ Minerals Limited

Director	Shares number
Rebecca McGrath	42,835
Andrew Cole	342,100
Tonianne Dwyer	15,000
Charlie Sartain	70,000
Richard Seville	–
Peter Wasow	14,000
Total	483,935

Environmental regulation

OZ Minerals and its activities in Australia, Brazil and other international locations are subject to strict environmental regulations. OZ Minerals' Prominent Hill, Carrapateena and Carajás operations, along with its exploration and concentrate shipping activities, operate under various licences and permits under state, federal and territory laws in Australia, Brazil and other overseas jurisdictions.

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 its energy and emissions report to the Clean Energy Regulator in accordance with the National Greenhouse and Energy Reporting Act 2007 (NGER Act). KPMG provided limited assurance over OZ Minerals' energy and emissions report.

KPMG has also provided limited assurance over selected metrics and disclosures in the OZ Minerals 2019 Annual and Sustainability Report against the requirements of the Global Reporting Initiative Standards. KPMG's assurance report is available on page 103.

The Company has not incurred any significant liabilities under any environmental legislation during the financial year.

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, current and former officers, the former General Counsel (Special Projects), the former Group Treasurers 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 any 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 112 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

	2019 \$
Audit and review services	
Auditors of the Group – KPMG	
Audit and review of financial statements - Group	530,000
Audit and review of financial statements - controlled entities	45,000
Total fee for audit and review services	575,000
Assurance services	
Auditors of the Group – KPMG	
Assurance of NGRS data	25,800
Sustainability assurance	75,600
Total fee for audit, review and assurance services	676,400
Other services	
Auditors of the Group – KPMG	
Taxation advice and tax compliance services	31,310
Other services	40,000
Total fee for other services	71,310
Total fees	747,710

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 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; or
- / 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 18 February 2020. The record date for entitlement to this dividend is 12 March 2020. The financial impact of the dividend, amounting to \$48.6 million, has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2019 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 to 18 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 54 to 69 and forms part of the Directors' Report.

Business strategies and prospects for future financial years

The Operating Review on pages 6 to 18 and the Financial Review on pages 33 to 37 of the Annual Report set out information on Oz Minerals' business strategies and prospects for future financial years. Information in the Operating Review and the Financial Review is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of OZ Minerals. Information that could give rise to likely material detriment to OZ Minerals, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, has not been included. Other than the information set out in the Operating Review and the Financial Review, information about other likely developments in OZ Minerals' operations and the expected results of these operations in future financial years has not been included.

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 ASX 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
18 February 2020



Andrew Cole
Managing Director and CEO
Adelaide
18 February 2020



Financial review

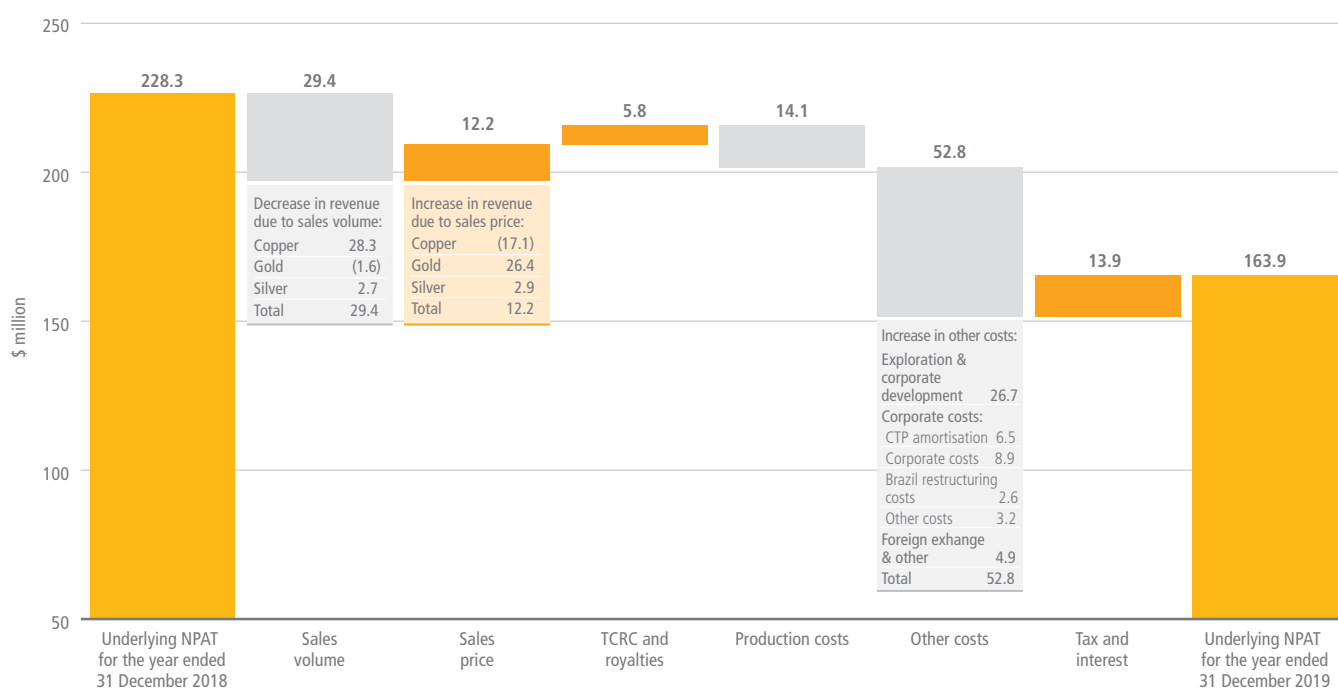
OZ Minerals' net profit after tax (NPAT) for the year was \$163.9 million compared to \$222.4 million for 2018, principally due to lower copper sales as Prominent Hill transitions from its higher copper grade open pit stockpiles and higher exploration and corporate development expenditure. Base metal markets remained volatile throughout the year as trade tensions and geopolitical uncertainty dominated over robust fundamentals, albeit a weaker Australian dollar improved comparative A\$ copper pricing. A counter response in precious metal markets supported higher gold revenues, noting that 57% of gold sales were delivered against previously established price hedges reducing net revenue by \$23.9 million.

Underlying NPAT for the period was \$163.9 million compared to \$228.3 million in the comparative period in which transaction costs for the Avanco acquisition were treated as non-underlying.

Prominent Hill once again delivered a reliable production and cash cost performance, as underground mining rates stepped up and higher-grade underground ore was supplemented with open pit ore stockpiles. Exploration and evaluation expenditure increased as OZ Minerals' growth pipeline further developed, with concurrent expansion studies and exploratory drilling in the Prominent Hill, Carrapateena, Carajás, Gurupi and Musgrave provinces. OZ Minerals' margin for earnings before interest, tax, depreciation and amortisation (EBITDA) remained robust at 42% (2018: 48%) while continuing to invest in exploration and evaluation activities.

OZ Minerals' closing cash balance of \$134.0 million decreased by \$371.1 million during the year with strong operating cashflows utilised for further significant investment at Carrapateena, expenditure on exploration and evaluation activities, and tax payments and dividends to shareholders.

Variance analysis – underlying NPAT, 31 December 2018 compared to 31 December 2019



OZ Minerals' financial results are reported under International Financial Reporting Standards (IFRS). This Annual and Sustainability Report includes 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.

Revenue

Gross revenue of \$1,173.9 million was lower than the previous year by \$17.2 million with lower copper and gold sales partially offset by higher Australian dollar realised copper and gold prices. The realised \$A copper price was 2% lower than in the comparative period while the net \$A gold price was 12% higher. Revenue includes \$23.9 million in realised losses on gold hedges.

Realisation costs

Treatment charges and refining costs (TCRCs) were \$7.2 million lower as a result of improved trading terms and lower refining charges in the global market.

Royalty expense increased by \$1.4 million due to the non-deductibility of hedging losses in calculating royalty was payable.

Production costs

Absolute production costs in 2019 were higher than the previous year by \$14.1 million, with the inclusion of the Carajás operations for the full year (only from the second half of 2018 in the previous year), an increased proportion of underground ore, higher transport and site administration expenditure, partially offset by the net realisable value adjustment recognised during the year.

Exploration and corporate development expenditure

Exploration and corporate development expenditure of \$93.9 million was incurred during the year to progress the Carrapateena expansion study, drilling and development studies in the Gurupi and Carajás provinces, and other exploration earn-in arrangements in the growth pipeline:

- / Carrapateena expansion \$18.6 million
- / Brazil study costs and exploration \$37.6 million
- / other exploration and development expenditure \$37.7 million.

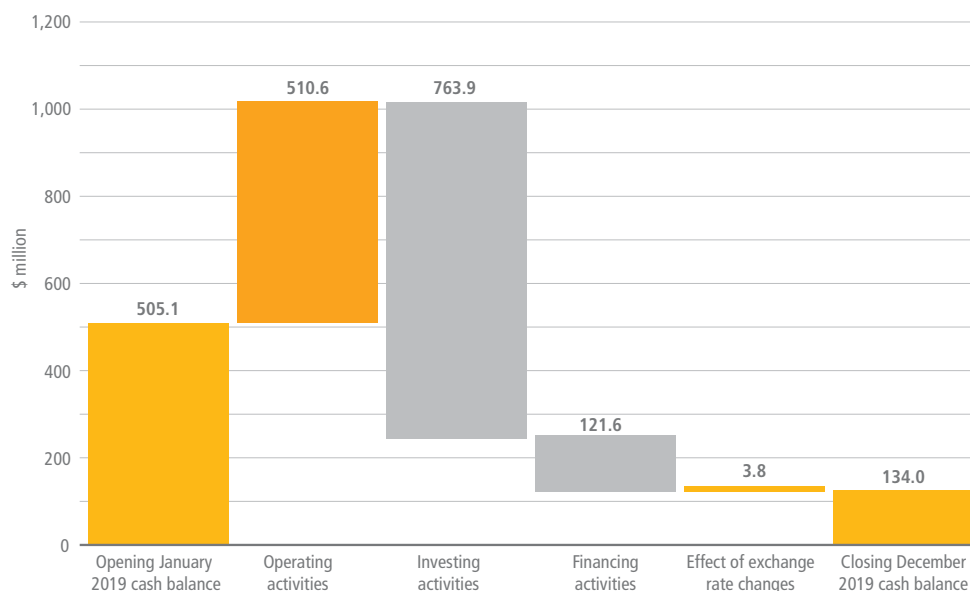
Other expenditure

Corporate, general and administration, and other costs of \$50.2 million increased by \$21.2 million over the prior year with further organisation capability build, higher insurance costs from a rising premium market and restructuring in Brazil. The corporate, general and administration costs in the year included a full year amortisation charge of \$6.5 million relating to intellectual property technology associated with the Concentrate Treatment Plant.

The income tax expense of \$64.7 million was \$25.8 million lower than the previous year as a result of the lower profit and the benefit of restricted prior year tax losses recognised during the year.

Finance expense of \$10.0 million was \$4.9 million higher than the previous year following the implementation of AASB 16 Leases, which resulted in the recognition of finance charges in relation to lease liability provisions.

Cash balance and cash flow



Operating cash flows

Operating cash flows of \$510.6 million for the year were \$61.0 million higher than in 2018. Customer receipts during the year were lower by \$64.2 million due to the timing of concentrate sales. Payments to suppliers and employees were \$492.7 million for the year, \$57.5 million lower than in 2018 primarily due to the reclassification of certain payments to suppliers as financing cashflows under AASB 16 Leases. Payments for exploration and corporate development expenditure increased by \$28.9 million reflecting the ongoing investment in the growth pipeline during the year. PAYG tax payments were \$104.6 million lower than the previous year which included a finalisation payment for the Company's tax liability from 2017, prior to the Company's transition to a PAYG regime, and lower earnings before tax for the year.

Investing cash flows

Net investing cash flows of \$763.9 million were attributable to development costs at Carrapateena, general property, plant, equipment and mine development at Prominent Hill and the Carajás, and study costs associated with the West Musgrave project:

- / capitalised Carrapateena project development costs \$579.2 million
- / Prominent Hill mine development costs \$56.6 million and growth costs of \$45.9 million (principally related to the Malu Paste plant)
- / Brazil including capitalised exploration and evaluation costs \$9.9 million
- / sustaining and other capital expenditure including power transmission infrastructure \$46.1 million
- / West Musgrave capitalised exploration and evaluation costs \$26.2 million.

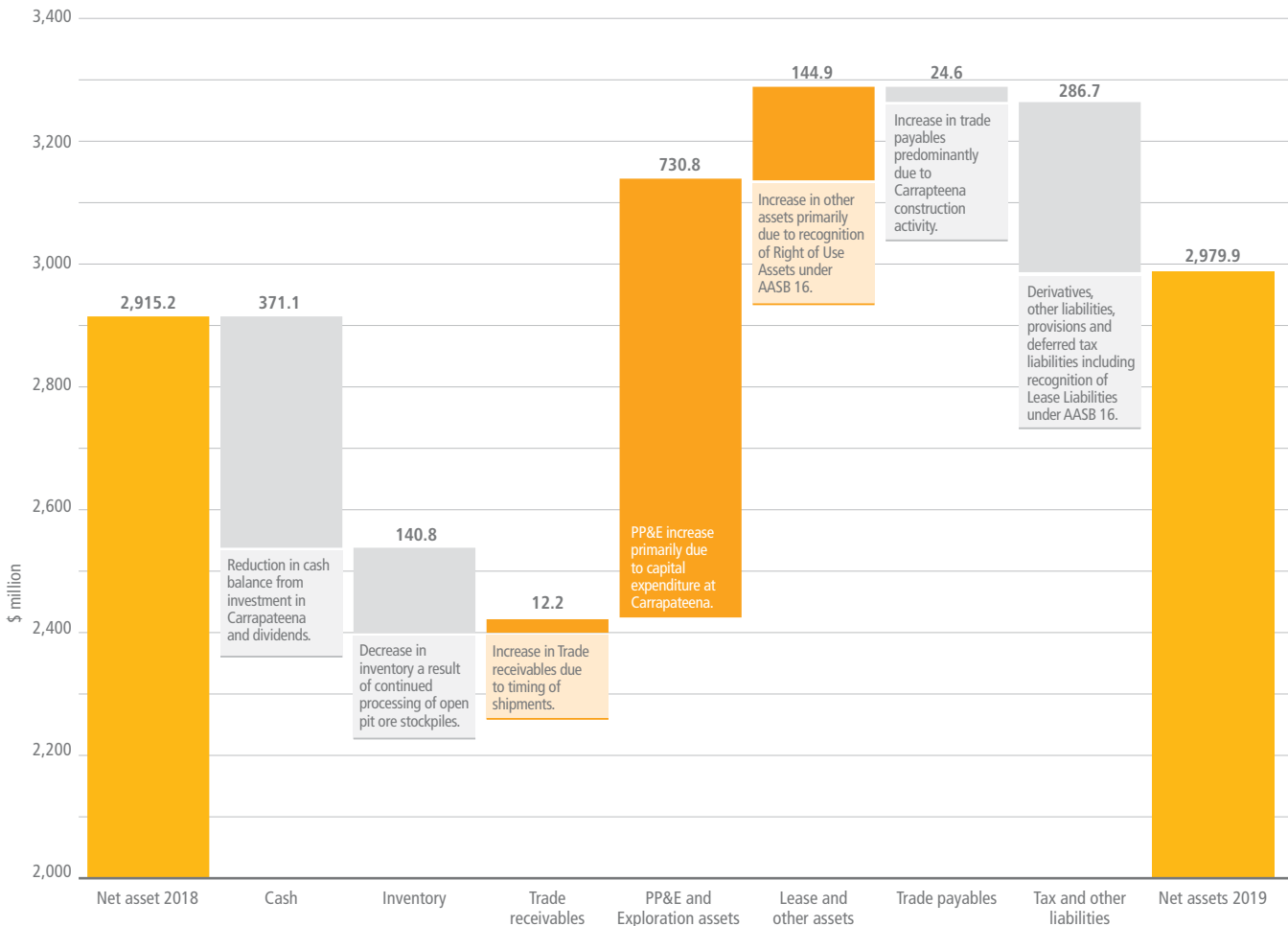
Financing activities

Cash outflows relating to financing activities comprised \$74.3 million in dividend payments to shareholders and \$47.3 million in payments to suppliers now classified as lease payments following the application of AASB 16 Leases.

Since the end of the year, the Board of Directors has resolved to pay a final dividend for the 2019 financial year amounting to \$48.6 million. This final dividend will be fully franked for Australian tax purposes.

Balance sheet

The total equity of the Company increased by \$64.7 million to \$2,979.9 million. The increase resulted mainly from the year's NPAT of \$163.9 million, partially offset by returns to shareholders in the form of dividends amounting to \$74.3 million and a decline in the value of open gold derivative contracts of \$28.1 million (net of tax). The movement in the net assets of the Company since 31 December 2018 is provided below:



At the end of the year, the Company held a cash balance of \$134.0 million and undrawn debt facilities of \$300.0 million. The reduction in the cash balance was a result of operating cash flows being offset by ongoing investment in Carrapateena, Prominent Hill, West Musgrave, and Property Plant and Equipment ('PP&E'), as well as the payment of dividends. Inventories of \$537.6 million at the end of the year had reduced by \$140.8 million since 1 January 2019 as a result of the consumption of open pit ore from stockpiles, with the associated cost recognised in the income statement within inventory adjustments. As open pit ore stockpiles are consumed, the previous costs of mining this ore and the related capitalised depreciation (collectively comprising 'open pit ore inventory') will continue to be progressively amortised through the income statement.

Trade receivables increased due to the timing of shipments, with a final shipment for the year in late December 2019. PP&E and Exploration assets increased during the year mainly due to the ongoing capitalisation of underground development expenditure at Prominent Hill, capital expenditure at Carrapateena, capitalised West Musgrave exploration and study costs, and general sustaining capital expenditure, partially offset by depreciation.

Lease assets and liabilities were recognised during the year as the consolidated entity adopted the new accounting standard AASB 16 Leases from 1 January 2019. The Standard requires the recognition of an asset and associated liability where the lease provides certain committed use rights over infrastructure and equipment within contracts.



OZ Minerals Risk Management

OZ Minerals' operating performance and financial results are subject to a wide range of risks and uncertainties including financial, political, social, operational and environmental factors that create both threats and opportunities. The consolidated entity manages and mitigates current and emerging risks to minimise adverse impacts and maximise beneficial outcomes. Our risk management framework emphasises risk-aware decision-making to achieve OZ Minerals' Strategy.

At the centre of OZ Minerals' Strategy is Value Creation. Creating Value for stakeholders is an outcome of effective risk management. Our risk impact assessment table is centred around five stakeholder pillars and to align with our strategic focus, risks are assessed to determine the potential impact on each pillar.

Risk management accountability and oversight is a central part of the OZ Minerals governance framework. The Board, its sub-committees and the Executive leadership provide oversight and monitoring of risk management process and practice. Collectively, they are responsible for ensuring the Company maintains an effective risk management standard and internal control environment.

The Board has an oversight responsibility and determines the overall risk appetite for the consolidated entity. OZ Minerals' corporate governance structure and communication channels enable timely responses to current and emerging risks.

Risk Management Oversight and Governance

Board: The Board reviews and monitors the material risks of the Company and its system of internal compliance and controls. The Board oversees the risk management process and approves the risk management standard, including the Company's risk appetite. The Board regularly reviews and monitors the Company's risk profile and management report risks through the Company's monthly Risk Report. The report includes an overview of Company risks, a summary of key changes to the risk profile, critical control updates, and the actions implemented to reduce the level of uncertainty and improve the manageability of risks. The Board requires CEO and Executive leadership to implement a system of control for identifying, assessing, managing and reporting risks in line with the risk management framework.

Board Committees: The Audit, Sustainability, and People & Remuneration Committees review risk management reports covering risks, controls and actions to manage risks to the business within their respective remits.

The Audit Committee assists the Board in the effective discharge of its responsibilities in relation to financial reporting and disclosure processes, internal financial controls, funding, financial risk management, and oversight of the internal control and risk management system's effectiveness.

The Sustainability Committee assists the Board in the effective discharge of its responsibilities in relation to safety, health, environment and community (SHE&C) matters including how the Company is reporting and managing risks relating to SHE&C and its requirements for internal notification, investigation, reporting and continuous improvement.

The People and Remuneration Committee assists the Board in discharging its responsibilities in relation to the remuneration of directors, executives and employees, succession planning, the establishment and monitoring of the Employee Value Creation Policy, and oversight of risk relating to people performance management, Company culture, succession planning, capacity and capability, and diversity and inclusion.

The Board retains direct accountability and oversight of all material risks outside the Board Sub-Committees' remits. These include risks relating to mergers and acquisitions, the Company's growth strategy, sovereign uncertainty, Mineral Resources and Ore Reserves estimates, macro-economic and market-related risks.

Executive Leadership: The Executive Leadership team is responsible for the effective implementation of the risk management framework and system of control for identifying, assessing, managing, and reporting risk across the Company. The Executive leadership team reviews and approves the risk profile for the organisation and ensures Assets and Corporate Functions embed risk management process and practice into business systems and processes.

Corporate Risk Function: The Corporate Risk Function supports and coordinates the implementation of the risk management framework, embeds risk management into core business processes, and builds risk management capability and a risk-aware culture across the business. The Corporate Risk Function oversees OZ Minerals' Risk Management Framework and develops, governs, supports and reports on the effective implementation of risk management to the Executive Leadership Team, the Board and its sub-committees.

OZ Minerals operates a four line of defence risk management governance model



The first line of defence

Process Standards define the approval escalations between the Board, CEO, Corporate Functions and Assets based on risk. The Risk Management Process Standard outlines the mandated process for escalation and the roles that organisational authority levels play. Risk responsibility for identifying, assessing, managing and reporting resides with all employees who are responsible for considering risks when making key decisions, implementing controls and monitoring risks during their activities.

The second line of defence

The senior leadership of the Assets and Corporate Functions assure compliance with the minimum controls in OZ Minerals' Performance and Process Standards and provide subject matter expertise and insights to support the delivery of the standards.

The third line of defence

All Process and Performance Standards are subject to the Audit and Assurance Process Standard, where compliance against the Standard and opportunities for improvement are monitored by the Corporate Audit Function in addition to the self-assurance activities undertaken by the Assets and Corporate Functions themselves. The Internal Audit and Assurance Function provides independent assurance over the governance, compliance and internal control system and processes across the business.

The fourth line of defence

External Audit provides an independent assurance that the internal control system is adequate, and that OZ Minerals' operations comply with the minimum requirements of relevant regulatory, legislative and associated standards.




2019 Inherent Risk trend summary




Risk Trend	External Sector and Company risks	Internal Company risks
Increasing Risk ↗	/ Macroeconomics and Geopolitics / Climate change	/ Community relations and Licence to Operate / Human Rights and Ethics
Decreasing Risk ↘		/ Continuity of power supply / Single material operating asset
No Change in Risk ↔	/ Sovereign uncertainty / Commodity prices and foreign exchange rates	/ Growth and development / Project execution and delivery / Customer management / Contract management / Strong balance sheet and liquidity / Mineral Resource and Ore Reserve / Tailings storage facility (TSF) / Geotechnical failure / Operational safety and health / Mine closure and rehabilitation / Attract and retain talent / Compliance, regulatory and legislative / Managing and protecting the environment



The table below details inherent risks that could materially impact OZ Minerals' ability to deliver its Strategy and Business Plans.

Context	Risk	Mitigation/actions
Strategic		
<p>Climate change</p> <p>OZ Minerals recognises that the physical and non-physical impacts of climate change may affect its assets, productivity, the markets in which it sells its products, and the communities in which we operate. Risks related to the physical impacts of climate change include acute risks resulting from increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns.</p> <p>Non-physical risks arise from a variety of policy, regulatory, legal, technology, financial and market responses to the challenges posed by climate change and the transition to a lower-carbon economy.</p> <p>2019 Risk Trend Analysis</p> <p>↗ Increasing Risk</p> <p>Community, investor and regulatory standards and expectations in relation to climate change continued to increase during 2019.</p>	<p>Threat</p> <p>Climate change can cause disruption to mine production, logistics, and water supply as a result of extreme weather events.</p> <p>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 the execution of our strategy and the ability of our assets to operate efficiently.</p> <p>Opportunity</p> <p>Climate change, combined with regulatory change, also has the potential to be a catalyst for growth in industries that require copper and could result in upward pressure on copper prices.</p> <p>Ability to proactively use lower-emission sources of energy, efficient production and distribution processes, new technologies, water and energy efficiency, and proactive participation in the carbon market can result in reduced operating costs, increased production capacity, an improved revenue and liquidity position.</p> <p>This can also increase reputational benefits and create value for our key stakeholders.</p>	<p>OZ Minerals is committed to reducing the energy and water intensity of its operations, developing innovative practices in relation to chemical processing, and being more efficient in its transportation and processing activities.</p> <p>The Company's power strategy is focussed on the four key elements for all its operations: Distribution, Generation, Procurement, and Demand Management. Initiatives are underway across operations to reduce the Company's environmental footprint, including energy intensity, water use, waste management, and transport and logistics.</p> <p>OZ Minerals focuses on reducing carbon emissions, investing in low emissions technologies, managing climate-related threats and opportunities, and working collaboratively with others to contribute to identify improvements and transformational change.</p> <p>OZ Minerals has published a Climate Change Statement on its website which commits to playing its part in achieving net-zero carbon emissions by 2050.</p> <p>OZ Minerals has prepared a roadmap for reporting its integrated climate change risks and climate-related financial disclosures in line with the Task Force on Climate-related Financial Disclosure (TCFD) framework.</p> <p>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.</p>
<p>Macroeconomics and Geopolitics</p> <p>OZ Minerals currently operates in Australia and Brazil, has exploration activities in multiple countries and may consider operating in new locations to access desired resources. The Company's customers and suppliers are also located in international markets.</p> <p>Geopolitical and macroeconomic developments have the potential to restrict our ability to access resources in certain countries or effectively trade in markets. Any restrictions will impact our ability to realise our strategy as competition for resources intensifies, existing reserves are depleted, and supply sources become more expensive to develop.</p> <p>2019 Risk Trend Analysis</p> <p>↗ Increasing Risk</p> <p>OZ Minerals' exposure to macroeconomics and geopolitics risks are anticipated to increase in the short to medium term due to heightened political and policy uncertainty.</p>	<p>Threat</p> <p>Political uncertainty, trade protectionism, and changes in relations between countries can impact the Company's ability to access resources and markets needed to achieve our strategy.</p> <p>Opportunity</p> <p>Continue to develop the exploration pipeline and resource portfolio. Assess non-organic acquisitions in relatively politically stable jurisdictions as opportunities present.</p>	<p>OZ Minerals regularly monitors geopolitical and macroeconomic trends to understand potential impacts on our business and seeks to identify mitigating actions as soon as possible, if practicable.</p> <p>The Company also engages with governments and other key stakeholders to understand and communicate the impact of any potential impacts from changes in trade or resource policies.</p>

Context	Risk	Mitigation/actions
<p>Single material Operating Asset</p> <p>The Prominent Hill mine generates most of the Company's income and cash flow. The occurrence of any inherent operational risks can interrupt the asset's operations and performance to meet or exceed planned objectives.</p> <p>2019 Risk Trend Analysis  Decreasing Risk</p> <p>Ramp-up of Carrapateena operations in 2020 and beyond will decrease the risk. Brazil Hub strategy now also in place and execution underway.</p>	<p>Threat</p> <p>Operating only one material operating asset exposes the Company to financial and operational risks. Business interruptions may arise from several circumstances, including major operational failures such as significant safety or underground incidents and major infrastructure failure.</p> <p>Opportunity</p> <p>The ability to develop and execute new projects such as Carrapateena safely, on time, and within budget, enhances the Company's income, cash flow, balance sheet, and reputation with all key stakeholders. A strong balance sheet and liquidity position allows the Company to pursue its growth pipeline.</p>	<p>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 of available ore to the operations. The Company has an active program that focuses on using trigger action response plans to maintain the ongoing stability of the open pit walls as the pit is now used for trucks carrying ore to exit the underground mine. The OZ Minerals maintenance and engineering team has developed robust procedures and practices to ensure they are operating the processing plant with minimal disruption and at high throughput levels. Progress the development and ramp-up of an additional significant operating asset at Carrapateena. The Company has also developed a strategy to develop the Carajás province in Brazil via a low risk, modest capital processing hub strategy where existing processing infrastructure is serviced by several small mines, one of which, Pedra Branca, is now in construction.</p>
<p>Growth and development</p> <p>A key element of the Company's Strategy is growth through acquisition or development of value accretive copper assets. OZ Minerals' ability to create value for key stakeholders by successfully executing mergers, acquisitions and divestments may vary.</p> <p>2019 Risk Trend Analysis  No Change in Risk</p> <p>There are no changes identified that are expected to significantly increase OZ Minerals' exposure in this area.</p>	<p>Threat</p> <p>In an environment of prospective commodity prices and expected long-term shortages in copper supply, OZ Minerals competes with other entities to acquire and develop projects that generate superior stakeholder value. Divestment and acquisition activity may result in value destruction by realising less than the fair value for divestments or paying more than fair value for acquisitions. This could result in pressure on the Company's liquidity position and/or reduce the Company's ability to deliver its growth Strategy.</p> <p>Opportunity</p> <p>The existence of large resources at the Prominent Hill, Carrapateena, Musgrave, Carajás and Gurupi Provinces, other exploration joint ventures, and the prospectivity of the Gawler Craton provide the Company with options to deliver on the growth Strategy. OZ Minerals' success in an acquisition, merger, or divestment on good terms will provide sustainable future cash flow and/or future growth optionality.</p>	<p>OZ Minerals has a clear pipeline of projects and gated plans which ensure a disciplined approach to leverage the potential of the resource base. Each opportunity is evaluated with due care and relies upon expert opinion, both internal and external where necessary, to ensure that any potential transaction is value accretive across all stakeholders. OZ Minerals maintains a segregated approach to its identification and then subsequent review of potential transactions and projects to ensure appropriate governance is applied over the assessment of financial risk and returns. OZ Minerals maintains a robust framework to deliver growth through Merger, Acquisition and Divestments and Exploration Process standards.</p>
<p>Project Execution and Delivery</p> <p>Successful execution of OZ Minerals' growth Strategy depends on its ability to deliver projects on time, safely, within budget and scope. The Company's ability to deliver projects successfully may vary.</p> <p>2019 Risk Trend Analysis  No Change in Risk</p> <p>There are no changes identified in the risk environment that are expected to significantly increase OZ Minerals' exposure. Whilst additional execution capability has been developed through delivery of the Carrapateena project, each project remains unique and carries varied and specific challenges.</p>	<p>Threat</p> <p>Mine development projects are inherently exposed to risks relating to scope definition, cost estimation accuracy, and a number of other external factors that present threats to a project's cost, efficiency, and profitability. These are not all within the Company's control. A delay or overrun of a project schedule could negatively impact the Company's profitability, cash flows, asset carrying values, growth opportunities, and reputation with key stakeholders.</p> <p>Opportunity</p> <p>An ability to develop projects safely, on time, and within budget enhances the Company's reputation, license to operate, stakeholder confidence, and increases cash flow and returns to all stakeholders. An increase in cash flow enables the Company to pursue its growth Strategy and provide value across its five stakeholder pillars.</p>	<p>OZ Minerals ensures its projects go through a process of internal and independent external review to verify the engineering, technical, and financial scope definitions and other assumptions. The Company manages project costs through sound procurement practices and governance. OZ Minerals maintains a strong focus on contractor management and undertakes rigorous third-party due diligence and assurance as part of its engagement. Stakeholder management in project development is a focus from the start, with a clear understanding of who we are working with and a co-operative approach to engagement. Project approval, monitoring and progress status evaluation are performed in line with OZ Minerals' project governance framework through the Process and Performance Standards.</p>

Context	Risk	Mitigation/actions
<p>Continuity of power supply</p> <p>The Prominent Hill and Carrapateena operations are both located in South Australia, with common sources of generation through the connected grid.</p> <p>2019 Risk Trend Analysis  Decreasing Risk</p> <p>While power infrastructure may be vulnerable to extreme weather events, actions have been taken by the South Australian Government and private companies to shore up generation stability since the weather event in 2016 which interrupted supply in South Australia.</p>	<p>Threat</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 potential power shortages.</p> <p>Unavailability of power can disrupt operational performance, revenue, cash flow, employee engagement, and value creation to stakeholders.</p> <p>Opportunity</p> <p>OZ Minerals can work collaboratively with other companies in the region to share infrastructure or provide back-up arrangements.</p>	<p>The Company has developed a power strategy for the Gawler Craton to align with its business strategy and demand needs. This is focussed on four key elements: Distribution, Generation, Procurement, and Demand Management. The Hill to Hill Project will both secure and extend distribution options within the region.</p> <p>The Prominent Hill and Carrapateena electricity supply contracts ensure energy requirements are met.</p>
<p>International Operations</p>		
<p>Sovereign uncertainty and inherent risk</p> <p>The Company's operations are located across several jurisdictions, which exposes the Company to a wide range of economic, political, societal, and regulatory environments.</p> <p>OZ Minerals recognises the value of positive engagement with a range of stakeholders and seeks to develop collaborative and mutually beneficial partnerships through our partner-to-operate strategy.</p> <p>2019 Risk Trend Analysis  No Change in Risk</p> <p>OZ Minerals' exposure to sovereign uncertainty is expected to remain relatively stable.</p>	<p>Threat</p> <p>Adverse actions by governments and others can result in operational/project delays or loss of our license to operate. Other potential actions can include expropriation, changes in taxation, and export or foreign investment restrictions - which may threaten the investment proposition, title, or carrying value of assets.</p> <p>Legal and legislation requirements with respect to policies such as tailings dams operations, energy, climate change, and mineral law may also change in a way that increases costs.</p> <p>Opportunity</p> <p>Proactive engagement with governments, communities, and other stakeholders can increase access to new resources, support stable and predictable investment and operational environments, and shape mutually beneficial policies and legal/regulatory frameworks.</p>	<p>The Company's operations comply with policies and standards which provide a core component of the Company's governance framework on risk management, human rights, cyber threat, data privacy, business integrity, and external communications.</p> <p>OZ Minerals continues to develop and maintain long-term relationships with a range of international and national stakeholders.</p> <p>OZ Minerals monitors jurisdictional, including sovereign risks, and take appropriate action.</p>
<p>Market</p>		
<p>Customer management</p> <p>OZ Minerals markets copper concentrate to overseas and local customers.</p> <p>Any disruption to the production of saleable copper concentrate and logistics chain from production through to delivery to the customer can result in significant financial and reputational impact.</p> <p>2019 Risk Trend Analysis  No Change in Risk</p> <p>There are no changes identified that are expected to significantly increase OZ Minerals' exposure.</p>	<p>Threat</p> <p>Concentrate marketability depends on global mine supply, smelter demand, concentrate grades, and impurities in the product. OZ Minerals' concentrate contains copper, 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 may impede the importation of concentrate into those jurisdictions and result in additional processing or treatment requirements related to the ore, tailings or concentrates, or challenges with selling, transporting or importing OZ Minerals' concentrates in various jurisdictions.</p> <p>Opportunity</p> <p>Short to medium term global copper demand is forecast to be higher than copper mine supply due to existing and new uses of copper such as for electric vehicles. Increase in copper demand will increase the Company's cashflow position and enables the Company to pursue its growth pipeline to create value across all stakeholders.</p>	<p>OZ Minerals has developed customised solutions in partnership with customers. These match smelter demand and production from OZ Minerals' mines to concentrate grade and timing, along with a range of controls to manage impurity levels.</p> <p>OZ Minerals has a number of marketing options in addition to this, including, but not limited to, ore blending, concentrates blending, and additional flotation treatment in the processing plant. It also maintains technical know-how in relation to its concentrate treatment plant technology.</p> <p>OZ Minerals maintains a diverse customer portfolio to mitigate against the risk of regulatory changes to importation requirements.</p>

Context	Risk	Mitigation/actions
<p>Commodity prices and exchange rates</p> <p>Commodity prices are driven by global market demand and supply. Exchange rates are also influenced by international economic activity and geopolitical factors.</p> <p>The timing, direction and the extent of commodity price and exchange rate movements is uncertain.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>We do not anticipate any material change in the Consolidated Entity's exposure to commodity prices and exchange rates in 2020.</p>	<p>Threat</p> <p>OZ Minerals is a price taker in the global commodities market and in the Brazilian Real and Australian Dollar currency markets.</p> <p>A decrease in commodity prices or adverse foreign exchange rate movements will reduce cash flow, profitability, and total shareholder returns. Long-term price volatility or sustained low prices may adversely affect access to capital.</p> <p>Opportunity</p> <p>An increase in commodity prices and/or favourable foreign exchange rate movements generates positive cash flow and strengthens the Company's liquidity position, enabling the Company to pursue value creation growth options and/or increase total shareholder returns.</p>	<p>For revenue in 2019, OZ Minerals swapped the average forward price on each copper concentrate sale to a fixed price in the period of sale.</p> <p>In 2016 OZ Minerals entered into gold forward contracts to fix the gold price on 75% of the estimated gold content of the Prominent Hill gold ore stockpile to mitigate downside risk.</p> <p>The remaining hedge book covers about 64% of estimated annual gold sales in 2020 and 2021.</p> <p>OZ Minerals does not actively hedge exchange rate exposures.</p> <p>OZ Minerals aims to operate its mines with a low cost of production relative to global copper producers as a form of natural hedge. This ensures resilience to low commodity prices and an ability to maximise margins during high commodity prices.</p>
<p>Capital Management</p>		
<p>Strong balance sheet and liquidity</p> <p>The Company maintains a strong balance sheet and appropriate liquidity position to fund its operations and capital investment plans through the global economic cycles.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>The risk is expected to remain relatively stable. The Board intends to maintain a conservative gearing position as debt is drawn.</p>	<p>Threat</p> <p>The Company's ability to refinance and attract sufficient new capital to fund operations and growth through an economic downturn could be compromised by a weak balance sheet.</p> <p>Opportunity</p> <p>Strong internal capital management and favourable market conditions could increase liquidity, balance sheet strength, and increase total shareholder returns.</p>	<p>OZ Minerals' clear business strategy, capital discipline, and a conservative capital structure encourage lenders and shareholders to continue investing in the business and to attract new capital on attractive terms and at competitive pricing.</p> <p>OZ Minerals manages debt maturities to spread repayment and minimise refinancing risk.</p> <p>OZ Minerals manages credit exposure to ensure the Group capital structure is not compromised if a finance counterparty fails to perform its financial obligation.</p>
<p>Commercial</p>		
<p>Contract Management</p> <p>Many aspects of the Prominent Hill, Carrapateena and Carajás operations, as well as the Company's exploration and development activities, are conducted by contractors.</p> <p>Contractors play a major role in delivering the Company's production and cash positioning - these relationships may not always develop as planned. The Company's workforce is made up of a combination of permanent employees and contractors.</p> <p>OZ Minerals recognises the importance of appropriate contractor selection and effective management of contractors from a safety, cost, quality, schedule, and performance perspective to the success of our business.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>There are no changes identified that are expected to significantly increase OZ Minerals' level of exposure.</p>	<p>Threat</p> <p>The operating results of OZ Minerals is heavily dependent on the performance of its 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>Opportunity</p> <p>Partnering with key suppliers allows work to be performed within an environment of mutual trust, commitment to shared goals, and open communication.</p> <p>It establishes a working relationship based on a mutually agreeable plan of cooperation and teamwork. Through close communication and establishing mutually agreeable goals, outstanding results can be achieved. The objective is a shared value outcome between all parties.</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>OZ Minerals adopts a more collaborative and integrated partnership with its key contractors to ensure alignment and the delivery of mutual value.</p>

Context	Risk	Mitigation/actions
Exploration, Resource and Reserve		
<p>Mineral Resource and Ore Reserve</p> <p>Mineral Resource and Ore Reserve estimates involve areas of significant estimation and judgment that, if changed, could result in the need to restate Ore Reserves and mine plans. Also, the success of the Company's exploration activity may vary due to the inherent risk and uncertainty involved in identifying new deposits and developing orebody knowledge to our new and existing operations.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>There are no material changes identified that are expected to significantly increase OZ Minerals' level of exposure in 2020. As the Company continues to grow the risk level may increase commensurate with the quantum of resource opportunities.</p>	<p>Threat</p> <p>The preparation of these estimates involves the 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 threat that new information on resource and reserves come to light means that the economic viability of some Ore Reserves and mine plans may be estimated downwards. As a result, operations and projects may be less successful and of shorter duration than initially anticipated, and/or the asset value may be impaired.</p> <p>Also, the inability to discover new resources or projects could undermine the strategy of future growth.</p> <p>Opportunity</p> <p>The volume of ore in reported reserves/resources is based on the geological, commercial, and technical information available at the date of the report that is, by its nature, incomplete. As new information comes to light, the economic viability of some Ore Reserves and mine plans can be restated upwards. As a result, projects may be more successful and of longer duration, than initially anticipated.</p> <p>In addition, the discovery of a new viable orebody can significantly improve future growth options.</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. Each estimate is reviewed by a committee of peers to challenge the applied assumptions.</p> <p>The Company's production plan is based on published reserves and resources.</p>
Operational		
<p>Tailings Storage Facility (TSF)</p> <p>Tailings Storage Facilities are dynamic structures and maintaining their integrity requires consideration of a range of factors, including appropriate engineering design, quality construction, ongoing operating discipline, and effective governance processes.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>There are no changes identified that are expected to significantly increase OZ Minerals' level of exposure. OZ Minerals does not operate upstream tailings facilities.</p>	<p>Threat</p> <p>The collapse of a TSF has the potential to impact the safety of employees and community in the vicinity of the area, Company growth, the mine operation, the environment and long-term Company reputation.</p> <p>Opportunity</p> <p>Reduction of processing plant waste into TSFs using mining ore preconcentration technology. In the Carajás, reducing the processing plant waste going into the TSF by using the soon to be exhausted Antas Pit as a TSF (subject to approvals). This will reduce the need to create and license a new TSF area.</p> <p>Optimise the expansion of the Prominent Hill filter stack tailings storage capacity to reduce waste disposal into the TSF as the pilot for the organisation's continuous pursuit for more sustainable tailings disposal methods in Australia.</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 license requirements, 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 are 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>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>There are no changes identified that are expected to significantly increase OZ Minerals' level of exposure.</p>	<p>Threat</p> <p>The concurrent mining of multiple underground areas at the Prominent Hill mine will lead to increased underground mining activities.</p> <p>The Carajás mine open pit depth will increase as mining concludes. Failure of underground operations or open pit walls can result in loss of life, reputational damage, loss of licence to operate, disruption to operations, increased costs or environmental damage.</p> <p>Opportunity</p> <p>Creating a safe work environment by removing people from unsafe activities and transforming underground mining by embedding digitalisation and automation technologies.</p>	<p>OZ Minerals operates systems that prevent, monitor, and respond to changes in geotechnical structures in the open pit and underground 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> <p>The Company has an active program which focuses on using trigger action response plans to maintain the ongoing stability of the underground and open pit walls.</p>

Context	Risk	Mitigation/actions
Safety, health, environment and community (SHEC)		
<p>Operational safety and health OZ Minerals is committed to high standards in the safety of its operations, including employees, contractors, and the communities in which we operate. Protecting the health and wellbeing of our workforce is vital to meet current and future growth requirements.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>OZ Minerals' exposure to operational safety and health risks is expected to remain relatively stable.</p>	<p>Threat OZ Minerals undertakes operations in areas that may pose health and safety risks including, but not limited to, handling explosives; underground operations subject to rockfall; infrastructure, tailings facilities, extreme weather events, endangered flora or fauna, areas of cultural heritage significance, confined spaces; areas where heavy and light vehicles interact; manual handling; and operating at heights.</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. Similarly, drive-in and drive-out operations introduce inherent safety travel risks to employees and contractors.</p> <p>Health and safety incidents may lead to serious injuries, loss of life to employees, contractors and members of the community. Also, incidents may result in reputational damage, loss of license to operate, disruption to operations, increased costs or environmental damage.</p> <p>Opportunity Consistently exceeding or meeting our health and safety commitments can enhance the Company's reputation and working relations across all key stakeholders and contributes to sustainable growth.</p> <p>This can also enable the Company to gain a competitive advantage on minerals resources, funding, and a skilled workforce to sustain the Company's growth strategy.</p>	<p>OZ Minerals is committed to the safety of its people, and all work processes have a high health and safety focus.</p> <p>OZ Minerals operates in partnership with its contractors and is actively building a shared health and 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 health and safety incidents, has delivered significant successes and resulted in a sustained reduction in the severity of injuries.</p> <p>OZ Minerals is continuing to build partnerships with local and state Governments and other miners operating in the regions it operates, to support projects that contribute to improving employee and community safety.</p>
<p>Mine closure and rehabilitation The Company operates under a range of environmental regulations and guidelines, including rehabilitation of disturbed areas that are no longer required for operational purposes (closed mines).</p> <p>Determining the closure and rehabilitation provisions is a complex area requiring significant judgment and estimates, particularly given the timing and quantum of future costs, the unique nature of each mine site, and the long timescales involved.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>There are no changes identified for these risks that are expected to significantly increase OZ Minerals' level of exposure.</p>	<p>Threat 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>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.</p> <p>Opportunity Excellent performance on mine closure, rehabilitation and legacy management of closed sites can enhance OZ Minerals' reputation and enable the Company to gain and maintain access to land, resources, skilled work force and external funding, so the Company can continue to pursue its growth strategy and establish new projects with the support of local communities and other key stakeholders.</p>	<p>Estimates of mine closure costs are reflected in accordance with AASB 137 Provisions, Contingent Liabilities, and Contingent Assets as provisions in the financial statements.</p> <p>Management seeks external assistance and review, where appropriate, to estimate these costs.</p> <p>OZ Minerals complies with the South Australian Government's Program of Environmental Protection and Rehabilitation (PEPR) to address mine closure requirements in line with the Department of Energy and Mining regulations. In Brazil, the Company complies with the National Mining Agency, and the Environmental Agency of Para State (SEMAS) regulations to address mine closure requirements.</p> <p>OZ Minerals maintains a strong and effective operational monitoring program including groundwater, cultural heritage sites and flora and fauna habitats.</p>

Context	Risk	Mitigation/actions
<p>Managing and Protecting the Environment</p> <p>There is growing pressure on and competition for environmental resources, such as biodiversity, water, and air. Our operations and growth Strategy depend on obtaining and maintaining the right to access these environmental resources. 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 it operates.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>OZ Minerals' exposure to environmental risks is expected to remain relatively stable.</p>	<p>Threat</p> <p>OZ Minerals' environmental performance and management of environmental impacts on the communities in which it operates is critical to creating sustainable social value. Non-compliance with environmental regulation has the potential to impact Company growth, damage reputation, and could result in damaged relationships with key stakeholders and loss of licences to operate.</p> <p>Opportunity</p> <p>Effective environmental-related risk management can contribute to long term business, social, and environmental benefits, including long term business resilience, improved community relations, reputational benefits, and maintenance of operating licences.</p>	<p>The OZ Minerals Risk Management 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.</p> <p>Environmental risks for OZ Minerals' 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.</p> <p>The Performance Standard conditions set out to address areas such as surface water, groundwater, flora and fauna, radiation, air emissions, land and biodiversity, roads, traffic and other infrastructure, and Indigenous and non-Indigenous cultural heritage.</p> <p>Each operation has monitoring programs to ensure it meets the legislative, regulatory and other environmental requirements.</p> <p>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>OZ Minerals is committed to high standards of stakeholder engagement and social performance by its employees and contractors.</p> <p>Building and maintaining strong supportive relationships and partnerships with host communities in the areas where it operates drives value creation for both the business and communities.</p> <p>The Company seeks to deliver long-term benefits to local communities and other stakeholders by engaging and collaborating with local communities, understanding the social impacts its, and reducing the adverse effects of its activities.</p> <p>2019 Risk Trend Analysis ↗ Increasing Risk</p> <p>OZ Minerals' exposure to community and its license to operate is assessed as increasing due to societal and political requirements generally as well as expectations for managing exposures in the Gurupi Province in Brazil.</p>	<p>Threat</p> <p>OZ Minerals or its partners may engage in activities that impact the environment, communities, human rights, or social wellbeing. This can affect OZ Minerals' relationships with or be viewed negatively by the community and other stakeholders. A loss of stakeholder support could result in the inability to maintain good relationships, loss of social license or permit to operate, loss of business opportunity, land tenure or significant delay in project approval or delivery.</p> <p>Opportunity</p> <p>Superior social performance allows the Company to gain and sustain land access and enables the Company to develop new projects and deliver its growth strategy to the benefit of all key stakeholders.</p>	<p>The Company has a Social Performance Standards which sets out the minimum standards assets are required to meet.</p> <p>Local level access, compensation and benefit agreements are in place with land connected and Indigenous stakeholders affected by exploration and operational mining activities. Local level agreements are developed in collaboration with stakeholders to demonstrate Free, Prior and Informed Consent. Agreements are updated as required.</p> <p>The Company has controls in place to ensure compliance with the Prominent Hill 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 licenses which allow it to operate.</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. The Company retains good relations with the local community.</p> <p>In the Carajás province, OZ Minerals works in partnership with stakeholders including the different municipalities where its project is located, in support of the local communities.</p>

Context	Risk	Mitigation/actions
People and Culture		
<p>Attracting and Retaining Talent</p> <p>OZ Minerals' competitive advantage lies in its agile and innovative culture. Attracting and retaining great people with the right skills and behaviours both now and for the future is core to our success.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>OZ Minerals' exposure to this risk is relatively stable during FY 2019 and there are no indicators identified that are expected to significantly increase OZ Minerals' level of exposure at this time.</p>	<p>Threat</p> <p>The inability to attract or retain key talent would constrain the Company's ability to deliver its Business Plan and Strategy.</p> <p>Opportunity</p> <p>Leveraging a powerful and purpose-driven employee value proposition to attract and retain a diverse, inclusive, and engaged workforce will deliver a competitive advantage to the Company, enable it to deliver its growth Strategy, and add value to all stakeholders.</p>	<p>OZ Minerals mitigates this threat and leverages this opportunity through the following core People priorities:</p> <ul style="list-style-type: none"> / A strong and purpose-driven Employee Value Proposition to attract and retain the best. / An inclusive culture that enables both demographic and cognitive diversity and the innovation that comes with it. / Modern, flexible working arrangements that reflect the future nature of work and promote wellbeing. / Agile performance management processes that promote a culture of continuous development. / Professional and leadership development to enable our people to do the best work of their careers. / Regular employee engagement pulse checks and an ongoing focus on culture. / A strategic workforce planning approach across all operations to identify and manage current and future workforce requirements.
Human rights and ethics		
<p>Human rights and ethics</p> <p>OZ Minerals' activities are exposed to human rights, ethics, and social well-being expectations. Our operations and supply chain are subject to human rights, ethics, and employment conditions, which may vary from time to time.</p> <p>The Company recognises the potential for human rights exposures and risks in all jurisdictions and is committed to working broadly to promote respect through stakeholder engagement, collaboration, advocacy, and contribution to public policy development.</p> <p>2019 Risk Trend Analysis ↗ Increasing Risk</p> <p>OZ Minerals' level of exposure to risks associated with human rights and ethics requirements has been assessed as increasing due to increasing community and political requirements and expectations, as well as its expansion into new jurisdictions.</p>	<p>Threat</p> <p>OZ Minerals' operations or its partners' may engage in activities that may be perceived to or actually impact human rights or social wellbeing.</p> <p>This can affect OZ Minerals' relationships and reputation with all key stakeholders. A loss of key stakeholder support could result in an inability to access new resources, loss of new business opportunity, loss of licenses, permit or approval, delays in project approvals, shareholder activism, society activism, or litigation.</p> <p>Opportunity</p> <p>OZ Minerals' operations or its partners' activities have the potential to improve the lives of stakeholders and host communities. Application of local enterprise, partnering-based local level agreements and health and wellbeing programs have the potential to contribute to the development of host communities and to improvement in key education, health and wellbeing performance indicators.</p>	<p>Maintain an up to date human rights and modern slavery training and awareness program across all business areas.</p> <p>OZ Minerals' employees, contractors, and partners in all geographies are required to operate in compliance with the Company's How We Work Together Principles, Policies, Process and Performance Standards and its Code of Conduct.</p> <p>Independent review of operations' compliance with OZ Minerals' Performance Standards and Company Policies that encompass working in a manner that is consistent with the following, to provide minimum requirements and expectations to comply with relevant laws:</p> <ul style="list-style-type: none"> / the Universal Declaration of Human Rights / obligations of corporations set out in the UN Guiding Principles on Business and Human Rights / UN Voluntary Principles on Security and Human Rights. <p>OZ Minerals continues to improve its understanding and management of Modern Slavery related risks in its operations and supply chain.</p>
Regulatory and Legislation		
<p>Compliance, regulatory and legislation</p> <p>OZ Minerals' regulatory and social licence are dependent upon complying with laws, regulations, guidelines and recommendations including in relation to anti-bribery and corruption, taxation, data privacy, land access, native title, health, safety and environment, human rights, modern slavery, and local regulations or standards.</p> <p>2019 Risk Trend Analysis ↔ No Change in Risk</p> <p>There are no changes identified that are expected to significantly increase OZ Minerals' exposure, except for climate change and human rights.</p>	<p>Threat</p> <p>The Company's activities or those of our partners could result in actual or perceived breaches of legal, regulatory, ethics or compliance obligations.</p> <p>Non-compliance with laws and regulations could lead to fines and penalties imposed against the Company, delay on projects, loss in share price value, loss of land tenure, or loss of social licence to operate, permits or approvals. Other impacts could include damage to Company reputation from all key stakeholders.</p> <p>Opportunity</p> <p>Complying with laws and regulations and maintaining a high ethical and social performance standard enables OZ Minerals to gain and maintain access to resources, expand provinces, investment opportunities and create value for key stakeholders.</p>	<p>OZ Minerals employees, contractors, and partners operate in compliance with the HWWT principles, Policies, Global Process and Performance Standards.</p> <p>The governance framework provides minimum requirements to comply with relevant laws and legislations.</p> <p>OZ Minerals continues to improve its understanding and management of modern slavery related risks in its operations and supply chain and to identify associated opportunities by maintaining up to date modern slavery, anti-bribery and corruption, continuous disclosure and code of conduct training and awareness.</p> <p>Continue to track and monitor key changes to legislation and regulations and respond to new requirements.</p>

Remuneration Overview and Report



Letter from the Chairman of the People and Remuneration committee

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to provide you with the 2019 Remuneration Report for OZ Minerals.

2019 was another year of strong performance for the Company, including:

- / Construction and delivery of the Carrapateena mine, which will ramp up to full production over the next 12 months.
- / Continued reliable performance at the Prominent Hill mine where a significant existing resource supported a further mine life extension to 2031 and an expansion study which is underway.
- / Development of the Carajás Hub strategy in Brazil with construction starting in December 2020 of the Pedra Branca underground mine which will become the first spoke in the Carajás processing hub.
- / The consolidation and embedding of our culture and governance processes.
- / A strong NPAT result of \$163.9 million.

Shareholders benefited from the Company's performance with dividends of 23 cents per share and annual shareprice growth of 20%.

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 Directors' Report.

Remuneration outcomes in 2019

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 2019

- / Executive salaries were increased as detailed in last year's report.
- / In March of 2019 we were saddened and confronted by a fatal incident involving an ElectraNet sub-contractor who was a helicopter pilot working on stringing the power line to our Carrapateena project. His death has had a profound effect on the whole Company, especially the Carrapateena team. To acknowledge this tragedy, and pay our respects, the Board with the full support of the Management Team has chosen to rate the safety component of the 2019 STI plan at 0% payment.
- / The strong performance of the Company against the remaining KPIs set by the Board for the 2019 year resulted in a score of 3.4 out of 5.0. Details of the KPI outcomes can be found in Section 3.2 of the Remuneration Report.
- / Recognising the strong Company performance and his leadership during 2019, the Board awarded 70% of the maximum annual short term incentive opportunity to the Managing Director and Chief Executive Officer, Andrew Cole. The Company score and achievement of individual stretch goals supported short term incentive awards to Warrick Ranson and Mark Irwin of 81% and 75% respectively, of their maximum annual short term incentive (STI) opportunity. 30% of STI awards will be paid in performance rights vesting after two years. Details of STI outcomes can be found in Section 3.2 of the Remuneration Report.
- / The 2017 long term incentive (LTI) plan vested at 100% in December 2019 following a strong relative performance of the Company and strong share price performance. This resulted in the vesting of 135,446 performance rights to Andrew Cole.
- / The performance conditions of the 2018 KMP Alignment Plan were satisfied in December 2019 resulting in the vesting at 100% of 11,400 performance rights to Warrick Ranson and 11,400 performance rights to Mark Irwin.

Remuneration changes implemented in 2019

As communicated in last year's Remuneration Report, 2019 saw the implementation of changes to our Remuneration Framework to create a greater alignment between executives and shareholders over the longer term.

In summary, the key changes implemented were:

- / 30% of an executive's STI is now paid in equity subject to a two-year holding lock.
- / All-in Sustaining Costs (AISC performance) has replaced the absolute share price performance measure for the LTI plan.
- / A two-year holding lock on equity which vests under future LTI plans has been introduced.
- / The scope of malus and claw-back provisions were broadened 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, 100% of fixed remuneration for the CEO and 50% for KMPs and other senior executives. Progress against these five year targets can be seen in Section 2.5.5 and 6.3 of the Remuneration Report.

Over the course of 2019 we also conducted a comprehensive market benchmarking exercise in Brazil in order to align the Brazilian business with the OZ Minerals Remuneration Framework in the context of local market conditions.

Remuneration changes anticipated in 2020

The changes outlined above have had the intended effect of strengthening alignment between executives and shareholders and no changes are proposed for our Remuneration Framework in 2020.

Following a benchmarking review of executive salaries against our stated remuneration positioning (median for fixed remuneration and upper quartile for performance against value creation stretch goals) we are comfortable that the 2019 adjustments for Warrick Ranson and Mark Irwin were at the right level. Their Remuneration will be subject to the Company wide remuneration review for 2020.

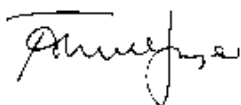
Noting that the benchmarking review indicated that the fixed remuneration of the CEO, Andrew Cole, was below the median, the Board has resolved to increase his fixed remuneration from \$850,000 to \$900,000 per annum reflecting market conditions and the increases in the scale and complexity of the Company.

Following the 5% adjustment to Non-executive Director fees in September 2018, Director fees will be held at their current levels for 2020. We will benchmark Directors' fees in 2020 with any changes to take effect in 2021. Details of Directors' fees can be found in Section 6 of the Remuneration Report.

The LTI plan total shareholder return (TSR) comparator group is reviewed annually to ensure the group best reflects the changing nature of the Company's operations. For the 2020 LTI plan four companies (Capstone Mining, Western Areas, Dundee Precious Metals and Metals X Limited) will be removed from the comparator group and replaced with five companies (Jiangxi Copper Company, KGHM Polska, Zijin Mining Group, Ero Copper Corp and Boliden AB) taking the total comparator group to 15.

In a year of strong performance the Board believes the 2019 remuneration outcomes demonstrate alignment with shareholder outcomes. The Board remains committed to a Remuneration Framework that develops a culture aligned with the Company's Value Creation Policies, is performance based, supports the Company's strategic objectives and long-term financial soundness and motivates executives to pursue the long-term growth of the Company.

Thank you for your ongoing support of OZ Minerals.



Tonianne Dwyer
Chairman
People & Remuneration Committee,
Adelaide
18 February 2020



Remuneration overview

Remuneration to executive key management personnel in 2019

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 12 of the Remuneration Report (page 67).

The table below (unaudited) which includes details of remuneration actually delivered to executive KMP in 2019, has been prepared to be transparent with our shareholders regarding remuneration outcomes.

Actual remuneration to executive key management personnel

		Cash salary \$	Paid short term incentives ^(a) \$	Vesting long term incentives ^(b) \$	Contributed superannuation ^(c) \$	Total remuneration \$
Current						
Andrew Cole	2019	829,233	621,688	1,453,605	20,767	2,925,293
<i>Managing Director and CEO</i>	2018	779,710	801,600	3,012,017	20,290	4,613,617
Warrick Ranson	2019	544,233	318,378	122,345	20,767	1,005,723
<i>Chief Financial Officer</i>	2018	504,710	350,700	–	20,290	875,700
Mark Irwin	2019	501,002	284,830	122,345	20,767	928,944
<i>Chief Commercial Officer</i>	2018	464,062	324,585	–	20,290	808,937

^(a) This amount represents 70% of total STI which was paid in cash for 2019. In addition 30% of total STI will be granted in performance rights, which vest after 2 years provided certain conditions are satisfied (refer Section 3.2). 25,327 performance rights will be awarded to Andrew Cole, 12,970 to Warrick Ranson and 11,604 to Mark Irwin.

^(b) The value of the long term incentives which vested during the year is calculated by multiplying the number of performance rights vested by the VWAP over the period 2 December to 31 December 2019. On 31st December 2019, the 2017 LTI plan vested resulting in the award of 135,446 shares to Andrew Cole (see Section 3.3) and the 2018 Alignment Plan vested resulting in the award of 11,400 shares to each of Warrick Ranson and Mark Irwin. Two equity plans vested for Andrew Cole in 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 included in cash salary.

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 2019. 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 2019 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 2019

	Position	Period as KMP during the year
Executive KMP		
Andrew Cole	Managing Director and CEO	All of 2019
Warrick Ranson	Chief Financial Officer	All of 2019
Mark Irwin	Chief Commercial Officer	All of 2019
Non-executive Directors		
Rebecca McGrath	Independent Chairman	All of 2019
Charlie Sartain	Independent NED	All of 2019
Peter Wasow	Independent NED	All of 2019
Richard Seville	Independent NED	Appointed on 1 November 2019
Tonianne Dwyer	Independent NED	All of 2019
Former		
Marcelo Bastos	Independent NED	Resigned 5 April 2019

2.0 Remuneration Strategy

2.1 Remuneration Philosophy

OZ Minerals seeks to attract and retain high performing executives and incentivise them to outperform. Our approach to remuneration is to provide executives with a market competitive fixed remuneration and to reward out performance through performance-linked, 'at risk' remuneration. Accordingly, we seek to position the fixed remuneration of our executives at around the market median of relevant benchmarks, with the opportunity to earn upper quartile total remuneration for delivering outperformance.

2.2 Remuneration Principles

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 build value for all our stakeholders with 'Creating Shared Value' at the heart of the OZ Minerals Strategy.

Table 2 – Remuneration Principles

Business needs and market alignment	OZ Minerals' remuneration framework is focused on achieving our corporate objectives. Remuneration is set with regard to market practices and structured so that outcomes are aligned with shareholder returns.
Simplicity and equity	OZ Minerals' remuneration philosophy, principles and framework are simple to understand, communicate and implement, and are equitable across the Company and its diverse workforce.
Performance and reward linkages	A well-designed remuneration framework 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 into account the challenges of attracting and retaining high performers in business critical roles, particularly in the mining industry. The 'at-risk' components of remuneration are based on challenging goals designed to incentivise executive KMP to achieve business critical objectives and create stakeholder value including shareholder returns. A substantial portion of remuneration is paid in equity and 'locked in' to encourage focus on long term outcomes.
Talent management	Remuneration framework 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 practices that promote the creation of shared value for stakeholders. We openly communicate these practices to shareholders and other relevant stakeholders, and will always be within legal, regulatory and industry requirements. The Board has absolute discretion to develop, implement and review all aspects of remuneration.

2.3 Remuneration Framework

The OZ Minerals Remuneration Framework aims to attract great people to deliver the OZ Minerals Strategy by offering a balanced approach between fixed and variable (at-risk) pay that incentivises both short-term and long-term performance.

Element	Structure	Performance Measures	Link to delivery of corporate strategy
Total Fixed Remuneration (TFR)	Base cash salary and superannuation.	Total Fixed Remuneration is determined based on factors including external market benchmarking, relativity to peers and individual performance.	Fixed remuneration is set at a competitive level and positioned at market median to take into account the challenges of attracting and retaining high performers in business critical roles.
Short Term Incentive (STI)	Mix of 70% cash and 30% performance rights, with a two-year vesting period.	STI is determined based on performance against challenging, clearly defined and measurable targets.	The short term "at-risk" component of remuneration is focused on incentivising executive Leadership to achieve business critical objectives and demonstrate OZ Minerals desired ways of working.
Long Term Incentive (LTI)	Performance rights with a three-year vesting period subject to an additional two-year holding lock period.	LTI is assessed against the TSR 70% and AISC 30%.	The long term "at-risk" component of remuneration rewards the delivery of shareholder returns and a sustainable business whilst encouraging decision making aligned to long term shareholder value creation.
Minimum Shareholding Requirements (MSR)	All executives and senior management are expected to accumulate and hold a minimum level of vested shares in OZ Minerals over a reasonable period. There are different shareholding requirements for each level of management, which are expressed as a percentage of their Total Fixed Remuneration.		This requirement increases the sense of ownership of the Company amongst our executives and enhances the degree to which our reward arrangements align the interests of our executives with that of our shareholders.

2.4 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 ensures that executive KMP remuneration remains consistent with the Company's remuneration framework and guiding principles, and considers:

- / The Company's remuneration philosophy
- / relevant market benchmarks using salary survey data from the Australian and Brazilian 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 behaviors and development plans
- / Company strategy, business plans and budgets.

2.5 Executive KMP remuneration components

2.5.1 Remuneration mix

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 'at target' and 'at maximum' at-risk remuneration is earned, the ratios of fixed to at-risk remuneration for KMP would be as follows.

2019 executive KMP remuneration mix^(a)

Mix at target:

Managing Director and CEO	28%	30%	42%
Chief Financial Officer	38%	27%	35%
Chief Commercial Officer	38%	27%	35%

Mix at maximum:

Managing Director and CEO	24%	38%	38%
Chief Financial Officer	34%	34%	32%
Chief Commercial Officer	34%	34%	32%

■ Fixed ■ STI ■ LTI

^(a) Service and performance conditions apply to STI and LTI.

2.5.2 Total fixed remuneration (TFR)

What is included in total fixed remuneration?	An executive KMP's 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 from the People & Remuneration Committee. During the year, we updated the market benchmarking of executive remuneration conducted last year, 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.
Changes from last year?	No changes to our approach to fixed remuneration are proposed for 2020. 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.

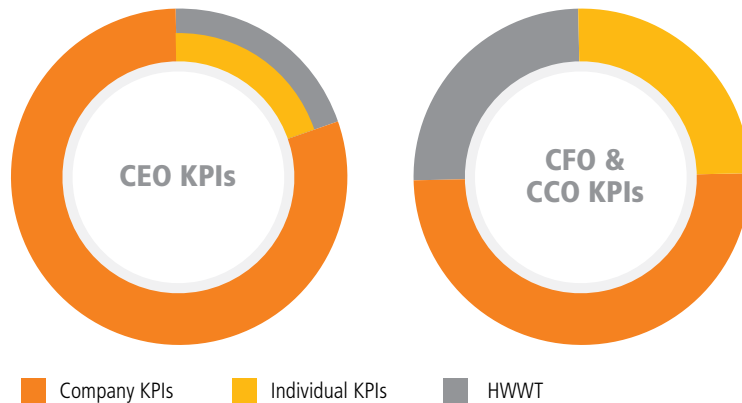
2.5.3 Short term incentive (STI)

Why does the Board think an STI plan is appropriate?

Variable performance-based remuneration strengthens the link between pay and performance. The purpose of this plan is to make a large proportion of the total 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 which deliver the Company’s Strategy. A reward structure that provides variable performance-based remuneration is also a necessary component of a competitive remuneration package in the Australian and global marketplace for executives.

What are the performance conditions?

The performance conditions that determined STI outcomes in 2019 were: (a) Company key performance indicators (KPIs), (b) Individual KPIs and (c) How We Work Together principles (HWWT).
The Company KPIs in 2019 determined 80% of the STI award for the Managing Director and CEO with individual KPIs determining the balance of 20%. The Company KPIs determined 50% of the STI award for the remaining KMPs with the balance determined by attainment of individual KPIs (25%) and the demonstration of behaviors exemplifying the HWWT principles (25%).



(a) Company KPIs

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 2019 included improving the Company’s operational and financial performance, sustainability performance and progressing strategic growth objectives. Further details of the 2019 performance against the KPIs can be found in Section 3.2.

Table 3.1 – Company KPIs in 2019 that applied to executive KMP

KPI category	KPI examples	% weighting
Operational and financial	EBITDA, net cash flow, Carrapateena delivery, corporate efficiency, capital management	40
Strategy and growth	Concentrate production and sales, organic growth, Brazil strategy, exploration pipeline, governance	40
Sustainability	Safety improvement, culture, leadership effectiveness	20

b) Individual KPIs

Individual KPIs vary for each executive KMP based on their accountabilities.

The Board assesses and sets the KPIs for the Managing Director and Chief Executive Officer, 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.

Table 3.2 – Individual KPIs in 2019 that applied to CEO and Managing Director

KPI category	KPI examples	% weighting
Lean and Innovative	Deliver plan and budget	25
How We Work Together	Build and strengthen team, develop leaders, embed culture and HWWT	50
Devolved and Agile	Implement Risk Management, Performance & Process Standards	25

What are the performance conditions?
(cont'd)

Table 3.3 – Individual KPIs in 2019 that applied to CFO

KPI category	KPI examples	% weighting
Operational and financial	EBITDA, strategic procurement, funding strategies	30
Strategy and growth	Governance, planning, strategy and sales	40
Sustainability	Culture, leadership effectiveness, risk and assurance	30

Table 3.4 – Individual KPIs in 2019 that applied to CCO

KPI category	KPI examples	% weighting
Operational and financial	EBITDA	25
Strategy and growth	Growth portfolio, governance, M&A	45
Sustainability	Project delivery, culture, leadership effectiveness	30

c) HWWT

The How We Work Together principles are the same for all executive KMP and they are based on the following elements:

- / Thinking and acting differently,
- / Building a culture of respect that enables our people to succeed,
- / Focusing on partnerships and collaboration, not hierarchy,
- / Delivering superior results through effective planning and agile deployment,
- / Doing what we say we will do and taking action,
- / Acting with integrity and engaging with our stakeholders

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?

The STI plan is designed to reward executive KMP at any point in between threshold and maximum performance levels.

Threshold performance represents the minimum level of performance required for an STI award to be paid.

Target performance represents the achievement of planned or budgeted performance, set at a challenging level.

Maximum performance represents outstanding performance, set at a stretch level.

What is the value of the STI opportunity?

Table 3.5 – The target and maximum STI reward opportunity for executive KMP in 2019

Executive KMP	STI at target as % of TFR	Maximum STI as % of TFR	STI at target Value \$	Maximum STI Value \$
Andrew Cole	105	150	892,500	1,275,000
Warrick Ranson	70	100	395,500	565,000
Mark Irwin	70	100	381,500	545,000

How is STI assessed?

The Managing Director and CEO assesses the performance of each executive KMP throughout the year for achievement against their personal performance targets and objectives, 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 other 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 his direct reports and the day-to-day functioning 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 rules 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. If an executive leaves as a good leaver, performance rights on foot but unvested remain on foot to vest in the normal course. This is at the Board's discretion and conditional upon the individual performance of the relevant executive.

Have the arrangements changed from last year?

Yes. As communicated in last year's remuneration report, with effect from 2019, 30% of the STI is now awarded in performance rights which vest, subject to fulfillment of conditions, two years after award.

Maximum STI opportunities were also increased for the Managing Director and CEO from 120% to 150% of fixed remuneration and for other KMP from 80% to 100%.

Claw back will now also apply to the STI component that is delivered as performance rights and now the Board has greater flexibility to claw back awards or shares. For example, the Board may lapse or forfeit awards granted under the STI or LTI plans in the event that there is a significant safety or environmental event.

2.5.4 Long term incentive (LTI)

Why does the Board consider an LTI plan to be appropriate?	<p>The Company believes that a LTI plan can:</p> <ul style="list-style-type: none"> / focus and motivate employees to achieve longer term outperformance outcomes / 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, aligning them with shareholders by linking a substantial portion of their potential total reward to OZ Minerals' 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 2019?	A grant was made on 29 May 2019 to all continuing participants in the LTI plan, including the Managing Director and CEO. Using a face value approach the number of performance rights granted to each executive was calculated as their LTI dollar opportunity divided by the adjusted twenty-day volume weighted average price of OZ Minerals as at the start of the performance period. The performance period for the 2019 LTI grant is 1 January 2019 to 31 December 2021.																
What was the value of the 2019 grant for executive KMP?	<p>Table 3.6 – The LTI grant to executive KMP in 2019</p> <table border="1"> <thead> <tr> <th>Executive KMP</th> <th>2019 LTI grant as % of TFR</th> <th>2019 LTI grant allocation value \$</th> <th>2019 LTI grant number of rights</th> </tr> </thead> <tbody> <tr> <td>Andrew Cole</td> <td>150</td> <td>1,275,000</td> <td>138,270</td> </tr> <tr> <td>Warrick Ranson</td> <td>90</td> <td>508,500</td> <td>55,145</td> </tr> <tr> <td>Mark Irwin</td> <td>90</td> <td>490,500</td> <td>53,193</td> </tr> </tbody> </table>	Executive KMP	2019 LTI grant as % of TFR	2019 LTI grant allocation value \$	2019 LTI grant number of rights	Andrew Cole	150	1,275,000	138,270	Warrick Ranson	90	508,500	55,145	Mark Irwin	90	490,500	53,193
Executive KMP	2019 LTI grant as % of TFR	2019 LTI grant allocation value \$	2019 LTI grant number of rights														
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Warrick Ranson	90	508,500	55,145														
Mark Irwin	90	490,500	53,193														
What are the performance conditions?	<p>The two performance conditions, referred to as the vesting conditions are: (a) OZ Minerals meeting the LTI performance conditions; and (b) the executive KMP meeting the service condition.</p> <p>Performance conditions</p> <p>The LTI plan performance conditions for 2019 are different from 2018 and are as follows:</p> <p>1. Total shareholder return (TSR)</p> <p>Relative TSR is the primary LTI performance hurdle measured against a comparator group. The Board considers TSR to be an appropriate performance measure because it ensures that a proportion of each participant's remuneration is linked to Value Creation and that participants only receive a benefit where there is a corresponding direct benefit to our shareholders, as reflected in the share price.</p> <p>TSR reflects benefits received by shareholders through share price growth and dividend yield and it is the most widely used long term incentive measure 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.</p> <p>Table 3.7 – Performance rights vesting according to total shareholder return</p> <table border="1"> <thead> <tr> <th>TSR of OZ Minerals relative to TSRs of constituents of the nominated peer group</th> <th>Proportion of performance rights that vest</th> </tr> </thead> <tbody> <tr> <td>Below 50th percentile</td> <td>Nil</td> </tr> <tr> <td>50th percentile</td> <td>50%</td> </tr> <tr> <td>Between 50th percentile and 75th percentile</td> <td>Straight line vesting between 50% and 100%</td> </tr> <tr> <td>75th percentile or above</td> <td>100%</td> </tr> </tbody> </table> <p>The TSR performance hurdle accounts for 70% of the LTI award. Grants in 2018 and 2017 were subject to the same conditions set out in the table above.</p> <p>2. All-In Sustaining Costs (AISC)</p> <p>AISC is an industry accepted measure of the total operating cost of producing a unit of metal.</p> <p>Comparative data will be sourced from Wood Mackenzie's global copper mine supply summary report, available through its database. The annual AISC performance will be recalculated across the full three-year period (total 3-year absolute costs divided by total 3-year copper metal production). The comparison will be to the average published TCPS (Total Cash Cost + Sustaining Capex) across that same period.</p>	TSR of OZ Minerals relative to TSRs of constituents of the nominated peer group	Proportion of performance rights that vest	Below 50th percentile	Nil	50th percentile	50%	Between 50th percentile and 75th percentile	Straight line vesting between 50% and 100%	75th percentile or above	100%						
TSR of OZ Minerals relative to TSRs of constituents of the nominated peer group	Proportion of performance rights that vest																
Below 50th percentile	Nil																
50th percentile	50%																
Between 50th percentile and 75th percentile	Straight line vesting between 50% and 100%																
75th percentile or above	100%																

What are the performance conditions? (cont'd)

Performance in relation to this hurdle will be measured over the 3 year performance period and will vest in accordance with the following table.

Table 3.8 – Performance rights vesting according to all-in sustaining costs

TSR of OZ Minerals AISC over the performance period	Proportion of performance rights that vest
Above 50th percentile	Nil
50th percentile	50%
Between 50th percentile and 25th percentile (Lowest cost)	Straight line vesting between 50% and 100%
25th percentile or below	100%

The all-in sustaining costs hurdle accounts for 30% of the LTI award. Prior to 2019 30% of the LTI award was subject to absolute share price growth over the performance period. Growth of 20% or greater results in 100% vesting. Less than 20% no rights will vest.

Service condition

The service condition is met if employment with OZ Minerals is continuous for three years commencing at the beginning of the performance period.

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 2019 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 3.9 – 2019 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
Independence Group	ASX	IGO
Western Areas	ASX	WSA
Dundee Precious Metals	TSX	DPM
First Quantum Minerals	TSX	FM
Antofagasta Plc	LSE	ANTO
Freeport McMoran	NYSE	FCX
Metals X Limited	ASX	MLX
Central Asia Metals Plc	AIM	CAML

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. If and when these performance rights vest, shares will be allocated (or a cash equivalent amount will be paid) in accordance with 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. The Board can also adjust awards granted under the STI or LTI plans in the event that there is a catastrophic safety or environmental event, in which an adjustment is warranted.

Does the Company have a policy in relation to margin loans and hedging at risk remuneration?	Under the Company's Securities Trading requirements, 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.
Have the arrangements changed from last year?	Yes. As communicated in last year's remuneration report, with effect from 2019, the absolute share price performance measure has been replaced with a strategic financial measure based on All In Sustaining Costs (AISC). A holding lock was also introduced on the LTI plan, which requires executives to hold any vested LTI for a period of two years beyond the initial three year performance period and thereafter shares which have vested will also be subject to minimum shareholding requirements.

2.5.5 Minimum Shareholding Requirement

Table 3.10 – Minimum Shareholding Requirements for KMP in 2019^(a)

Executive KMP	Shareholding requirement (%TFR)	Shareholding (%TFR) ^(b)
Andrew Cole	100	593
Warrick Ranson	50	21
Mark Irwin	50	24

^(a) Information at 31 December 2019 based on share price at that date. With expected levels of vesting of the deferred equity element of the STI and LTI, it is anticipated that all executive KMP should meet their minimum shareholding requirement within the required timeframe.

^(b) Includes shares owned and exercisable and performance rights awarded where vesting is only contingent on a service condition being satisfied.

2.6 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 2019, EY was engaged to undertake an update to the market benchmarking of executive remuneration. Their analysis was considered by the People and 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 \$27,810 (excluding GST).



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 4 – Company performance^(a)

Measure	2019	2018	2017	2016	2015
Underlying EBITDA – \$ million	462.4	540.4	539.4	373.8	434.9
Net profit/(loss) after income tax – \$ million	163.9	222.4	231.1	107.8	130.2
Net cash inflow from operating activities – \$ million	510.6	449.6	342.9	324.1	429.8
Basic earnings/(loss) per share – cents	50.7	71.5	77.4	35.7	42.9
Share price at end of year – \$	10.55	8.80	9.16	7.89	4.05
Dividends paid per share – cents	23	23	20	20	6

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

Table 5 – At risk remuneration performance

Measure	2019	2018	2017	2016	2015
STI ^(a)	76.6%	83.5%	83.5%	88.0%	85.0%
LTI ^(b)	100.0%	94.2% ^(c)	100%	100%	86.4%

^(a) % of available STI achieved based on company scorecard results not individual KMP performance.

^(b) % LTI plan vested.

^(c) % reflects vesting of 2015 and 2016 LTI plans.

3.2 Company performance and STI outcomes for 2019

The Board assessed the Company's performance in 2019 against the enterprise level KPIs and assessed performance at 3.4 out of 5. See Table 6 below:

Table 6 – 2019 summary company KPI performance

Measure	KPI	Weighting	Link to Strategy	Target KPI	Outcome	Performance not achieved	Threshold Performance	Target Performance		Maximum Performance
						0%	50%	70%	4	100%
						1	2	3	4	5
Financial (40%)	Financial Delivery	20%	Lean & Innovative	EBITDA & AISC as per plan	Exceeded					
	Financial Delivery	15%	Lean & Innovative	Carrapateena with first concentrate	Achieved					
	Capital Management	5%	Capital Discipline	Strong capital Management	Exceeded					
Strategy & Growth (40%)	Organic Growth	15%	Global Copper	Increase in total base case value	Partially achieved					
	Organic Growth	5%	Global Copper	Increase in Brazil base case value	Partially achieved					
	Governance	10%	Devolved & Agile	OZ Minerals Governance Model embedded	Exceeded					
	Concentrate sales & customer relationships	10%	Customer Focus	Sell 100% of plan on budgeted TCRCs	Exceeded					
	Safety	10%	How We Work Together	Reduced TRIFR	Achieved but adjusted ^(a)					
Sustainability (20%)	Culture	5%	How We Work Together	Improved cultural measures	Exceeded					
	People	5%	How We Work Together	Uplift in people and leadership development	Exceeded					
Company KPI Performance					Exceeded					
						1	2	3	4	5

^(a) The Company TRIFR was adjusted to 1 out of 5 to recognise the fatality at Carrapateena.

Table 7 – STI award percentage for executive KMP

In accordance with the procedure set out in Section 2.5.3, an assessment was undertaken of the performance of each of the eligible executive KMP against their 2019 KPIs. Individual 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 percent of maximum performance)	Individual KPI performance ^(b) (as percent of maximum performance)	Overall performance outcome (as percent of maximum performance)
Current			
Andrew Cole	76.6%	81.3%	77.5%
Warrick Ranson	76.6%	85.0%	80.5%
Mark Irwin	76.6%	86.5%	82.0%

^(a) Andrew Cole's STI composition is 80% Company and 20% Individual. Remaining KMPs are 50% Company, 25% Individual and 25% HWWT.

^(b) Mr Cole and Mr Irwin's STI payments for 2019 were reduced by \$100,000 and \$40,000 respectively to reflect a revision in the assessment of strategy and growth initiatives in the prior year.

Table 8 – STI payments to Executive KMP in 2019

Name	Payment	Maximum potential value of payment ^(a)	Per cent of maximum grant awarded ^(b)	Per cent of maximum grant forfeited	Cash Payment (70%)	Performance Rights granted (30%)
	\$ ^(c)	\$	%	%	\$	\$
Andrew Cole	888,125	1,275,000	69.7	30.3	621,688	266,437
Warrick Ranson	454,825	565,000	80.5	19.5	318,378	136,447
Mark Irwin	406,900	545,000	74.7	25.3	284,830	122,070

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

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

^(c) Mr Cole and Mr Irwin's STI payments for 2019 were reduced by \$100,000 and \$40,000 respectively to reflect a revision in the assessment of strategy and growth initiatives in the prior year.

Table 9 – 30% STI awards on foot

	STI \$	Performance Rights ^(a)	Service period	Expiry date	Vesting outcome
Current					
Andrew Cole	266,437	25,327	01/01/2019 – 31/12/2021	15/02/22	To be determined
Warrick Ranson	136,447	12,970	01/01/2019 – 31/12/2021	15/02/22	To be determined
Mark Irwin	122,070	11,604	01/01/2019 – 31/12/2021	15/02/22	To be determined

^(a) The number of rights were calculated by dividing 30% of STI by \$10.52 being the VWAP over the period 2 January to 30 January 2020.

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 conditions for grants before 2019 are the relative TSR performance consistent with the details in Table 3.7 and absolute share price growth of the Company over the relevant performance period as detailed beneath Table 3.8. For 2017 LTI the TSR was assessed independently at 75% and absolute share price had an increase of 32.86%, resulting in full vesting of the Plan. For grants from 2019 onwards the vesting conditions are the relative TSR and AISC performance. 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 17. Additional details are set out in Note 13 to the Financial Statements.

The LTI awards on foot during the year are detailed below:

Table 10 – LTI awards on foot

	Grant date	Rights	Maximum value of grant ^(a) \$	Fair value per performance right ^(b) \$	Performance period	Expiry date ^(d)	Vesting outcome
Current							
Andrew Cole	29 May 2019	138,270	1,595,636	6.92	1/01/2019 – 31/12/2021	15/02/22	To be determined
	24 April 2018	130,285	1,390,141	5.87	1/01/2018 – 31/12/2020	15/02/21	To be determined
	24 July 2017	135,446	1,353,106	4.29	1/01/2017 – 31/12/2019	15/02/20	100% vested
	5 July 2016	201,223	1,722,469	3.88	1/01/2016 – 31/12/2018	15/02/19	88.3% vested
	21 July 2015	154,344	754,742	3.47	1/07/2015 – 30/06/2018	15/08/18	100% vested
Warrick Ranson	29 May 2019	55,145	636,373	6.92	1/01/2019 – 31/12/2021	15/02/22	To be determined
	13 March 2018	11,400 ^(c)	121,638	8.81	1/01/2018 – 31/12/2019	15/02/20	100% vested
	6 February 2018	51,300	547,371	6.03	1/01/2018 – 31/12/2020	15/02/21	To be determined
Mark Irwin	29 May 2019	53,193	613,847	6.92	1/01/2019 – 31/12/2021	15/02/22	To be determined
	13 March 2018	11,400 ^(c)	121,638	8.81	1/01/2018 – 31/12/2019	15/02/20	100% vested
	6 February 2018	51,300	547,371	6.03	1/01/2018 – 31/12/2020	15/02/21	To be determined

^(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) Performance rights granted under 2018 alignment plan were a one off allocation for retention purposes.

^(d) Expiry date does not consider holding lock periods.

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 11 – Executive KMP key provisions

Name	Term of contract	2019 TFR	Notice period	Termination benefit
Current				
Andrew Cole	Permanent – ongoing until notice has been given by either party.	\$850,000	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.	\$565,000	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.	\$545,000	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.

5.0 Executive KMP remuneration

Table 12 – Total rewards to executive KMP

		Short term benefits					Long term benefits			Total remuneration	Performance Related
		Salary, fees and allowances	Benefits & Allowances ^(a)	Accrued annual leave ^(b)	Super-annuation ^(c)	Short term incentive (Cash Payment)	Other long term benefits ^(d)	Value of performance rights ^(e)	Value of performance rights (STI deferred) ^(f)		
Current											
Andrew Cole Managing Director & CEO	2019	829,233	–	21,224	20,767	621,688	36,175	825,368	88,812	2,443,267	62.9
	2018	779,710	–	(5,554)	20,290	801,600	26,142	816,782	–	2,438,970	66.4
Warrick Ranson Chief Financial Officer	2019	544,233	–	41,799	20,767	318,378	9,339	289,250	45,482	1,269,248	51.5
	2018	504,710	104,603	33,761	20,290	350,700	4,158	141,187	–	1,159,409	42.4
Mark Irwin Chief Commercial Officer	2019	501,002	–	3,307	20,767	284,830	6,076	285,022	40,690	1,141,694	53.5
	2018	464,062	–	11,254	20,290	324,585	1,781	141,187	–	963,159	48.4

^(a) 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 his relocation costs.

^(b) 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.

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

^(d) 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.

^(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 as LTI and STI 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) Reflects actual value of deferred STI which is provided in the form of performance rights. The total value of the deferred STI is recognised proportionally over the period the executive is required to provide service.

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 remuneration consisting of a base fee 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 are \$2,700,000 in total.

Table 13 – Details of NED remuneration with effect from September 2018

Fees	Chairman \$ per annum	Member \$ per annum
Board base fee	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% calculated on base Board and Committee fees listed in Table 13, 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 2019, NEDs received \$1,017,201 (2018: 1,067,751) in total fees, compared to the maximum approved fees payable of \$2,700,000.

Table 14 – Total remuneration paid to NEDs

		Board fees and cash benefits \$	Committee \$	Superannuation Fees ^(a) \$	Total fixed remuneration \$
Current					
Rebecca McGrath <i>Chairman</i>	2019	339,444	–	20,724	360,168
	2018	328,464	–	20,290	348,754
Charlie Sartain <i>Non-executive Director</i>	2019	126,330	48,438	16,603	191,371
	2018	52,136	19,734	6,828	78,698
Peter Wasow <i>Non-executive Director</i>	2019	126,330	56,511	17,370	200,211
	2018	122,320	47,968	16,177	186,465
Richard Seville <i>Non-executive Director</i>	2019	21,054	5,830	2,554	29,438
Tonianne Dwyer <i>Non-executive Director</i>	2019	126,330	48,438	16,603	191,371
	2018	122,320	44,850	15,881	183,051
Former					
Marcelo Bastos ^(b) <i>Non-executive Director</i>	2019	36,846	3,923	3,873	44,642
	2018	42,110	4,483	4,426	51,019
Total					
	2019	776,334	163,140	77,727	1,017,201
	2018 ^(c)	667,349	117,036	63,602	847,987

^(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) Ceased to be Non-executive Director 5 April 2019.

^(c) Total for 2018 reflects only the remuneration of 2019 Non-executive Director Board members only.

6.3 Minimum Shareholding requirements NED

NEDs are required to accumulate and maintain a holding in OZ Minerals' shares that is equivalent to at least 100% of the NED base fee (calculated on the purchase price of shares) within 5 years from the date of appointment as a director or appointment as Chair.

Table 15 – Minimum Shareholding Requirements NED in 2019^(a)

NED	Current shareholding requirement (% Annual Base Fees)	Shareholding (% Annual Fees) ^(b)	Deadline
Rebecca McGrath	100	82	24/05/22
Charlie Sartain	100	476	01/08/23
Peter Wasow	100	97	01/11/22
Richard Seville	100	–	31/10/24
Tonianne Dwyer	100	92	22/03/22

^(a) Information at 31 December 2019.

^(b) Calculated as amounts paid per share divided by the directors' annual fees.

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 16 – KMP shareholdings

Non-executive Directors	Balance at 1 January 2019 or date becoming KMP	Shares acquired on exercise of rights	Net other movements	Balance at 31 December 2019 or date ceasing to be KMP
Current				
Rebecca McGrath	37,935	–	4,900	42,835
Charlie Sartain	70,000	–	–	70,000
Peter Wasow	8,000	–	6,000	14,000
Richard Seville	–	–	–	–
Tonianne Dwyer	10,000	–	5,000	15,000
Former				
Marcelo Bastos ^(a)	–	–	–	–
Executive KMP				
Current				
Andrew Cole	164,344	177,756	–	342,100
Warrick Ranson	–	–	–	–
Mark Irwin	1,000	–	–	1,000
Total	291,279	177,756	15,900	484,935

^(a) Ceased to be Non-executive Director 5 April 2019.

Table 17 – KMP performance rights holdings

	Balance at 1 January 2019	Granted as remuneration ^(a)	Value of rights granted ^(b) \$	Vested	Exercised	Value of rights vested ^(c) \$	Lapsed	Balance at 31 December 2019	Vested and exercisable ^(d)
Current									
Andrew Cole	443,487	138,270	956,828	135,446	177,756	1,453,605	–	404,001	135,446
Warrick Ranson	62,700	55,145	381,603	11,400	–	122,345	–	117,845	11,400
Mark Irwin	62,700	53,193	368,096	11,400	–	122,345	–	115,893	11,400
Total	568,887	246,608	1,706,527	158,246	177,756	1,698,295	–	637,739	158,246

^(a) Does not include performance rights from the 2019 STI that will be granted. Table 9 contains details of rights granted subsequent to year end.

^(b) The fair value of the performance rights granted to Mr. Cole and other KMP on 29 May 2019 was calculated on the grant date as \$6.92. Subject to the achievement of relevant performance conditions, these rights would be expected to vest on 31 December 2021.

^(c) Value of rights vested calculated as number of rights vested times VWAP over the period 2 December to 31 December 2019.

^(d) Rights vested and exercisable are considered in the Balance at 31 December 2019. They represent rights which vested on 31 December 2019 for which shares are issued in early 2020.

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.

2019 Sustainability Report



2019 Stakeholder Value Day
*Going beyond what's
possible to make lives better*



Format

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

You'll find examples of this in practice embedded through our 2019 Annual & Sustainability Report to reflect how we have integrated sustainability 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 disclosures. These documents are publicly available on our website to make specific information more accessible.

This Sustainability Report covers the performance of our Prominent Hill and Carrapateena assets, and facilities over which OZ Minerals had operational control for the full 2019 calendar year. Joint ventures which we do not operate are excluded. With respect to Antas operations, limited data is provided as we are in the process of aligning Brazilian sustainability reporting with Australian requirements.

Stakeholder Alignment with Sustainability Performance Elements

Creating value for our stakeholders is at the centre of OZ Minerals' Strategy. Our 2019 Sustainability Report shows how the elements of sustainability align with our stakeholders. This year, we have also illustrated our alignment with the United Nations Sustainable Development Goals (SDGs). The elements of sustainability at OZ Minerals show how we are contributing to specific SDGs.

Sustainability at OZ Minerals

Sustainability management is integrated into *The OZWay*, which governs operating asset accountabilities within our devolved operating model and our Strategy.

Our Company's governance framework (page 19) consists of Strategy, Performance Standards that set the minimum benchmarks and expectations of performance for global assets, Process Standards that support the operation of the business, company policies that show the overarching intent within the business and enable our stakeholders to hold us to account, and the annual business planning process which sets the priorities. These all support OZ Minerals in being a Modern Mining Company that creates value for our stakeholders.

United Nations Sustainable Development Goals



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 103.

Materiality

The 2019 OZ Minerals materiality assessment has included evaluation of local and global threats and opportunities based on external review, benchmarking, biannual internal risk reviews, stakeholder consultation and external materiality survey. We assess sustainability matters based on two criteria: their importance to our business in terms of growth, economic and social impact, and their importance to stakeholders – including shareholders, community, employees, governments and suppliers. Material topics are discussed in this report and many are also covered in the Risk section of the Directors report, including climate risk, with further information on other sustainability topics available on the OZ Minerals website.

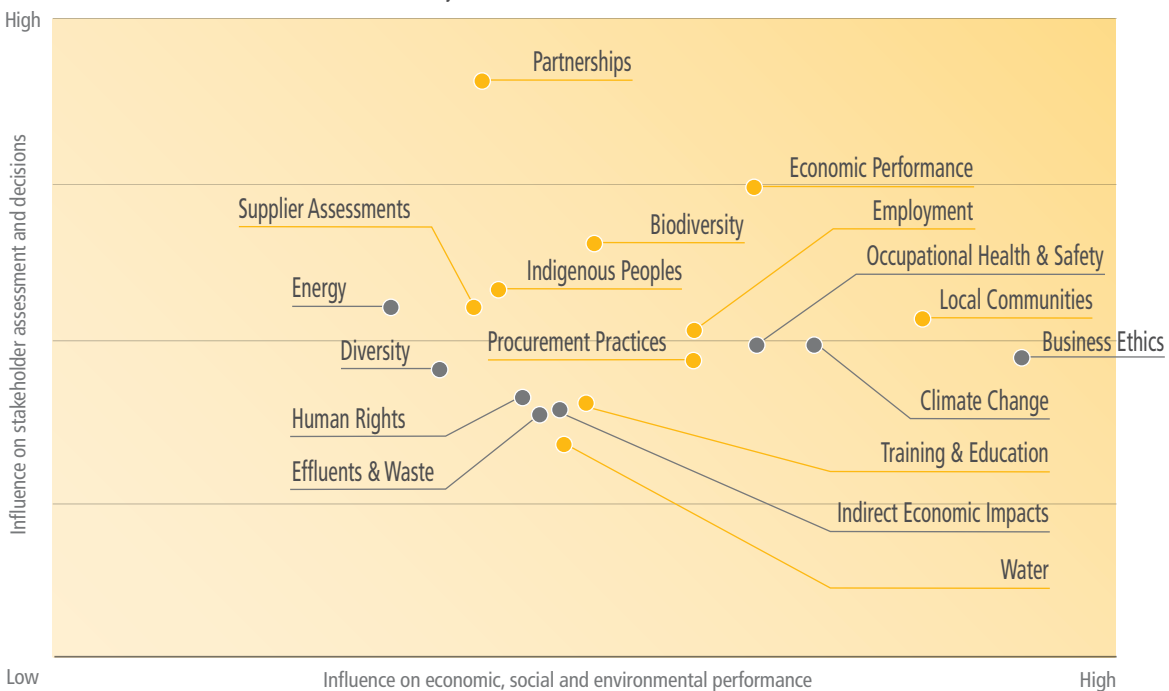
Our process for assessing materiality complies with the GRI guidance on materiality and completeness when identifying material topics and referenced a range of internal and external considerations and priorities.

Methodology

In 2019, we expanded the range of material topics from eight to 18 to reflect the different operating contexts of our assets as a global business. We recognise some topics are strongly related, however to better understand materiality, we have intentionally separated some topics as individually material in our assessment, for example, energy, waste and water are linked to climate change which is discussed in detail on page 81.

Materiality Matrix

● Local material issue ● Industry material issue



External recognition, voluntary commitment and external benchmarking

Macquarie ESG rankings

In November 2019, OZ Minerals was ranked in the first quintile by Macquarie's ESG ratings of ASX100 Companies. The 2019 disclosures of 231 Australian-listed companies were assessed, representing 87% of the ASX300 by market capitalisation.



FTSE4Good

In June 2019, FTSE Russell confirmed that OZ Minerals had been independently assessed according to the FTSE4Good criteria and became a constituent of the FTSE4Good Index Series. The FTSE4Good Index is designed to measure the performance of companies demonstrating strong environmental, social and governance practices.



FTSE4Good

Global Reporting Initiative

GRI is an independent international organisation which has established the leading international framework and standards for sustainability reporting. OZ Minerals prepared the Sustainability section of the 2019 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 global 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 inform our modernisation agenda.

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 how we work with stakeholders.



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.



Managing Sustainability at OZ Minerals

Our sustainability aspiration

We are a global copper-core modern mining company. We 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. *The OZWay* defines how we work, our culture and behaviours.

We deliver on our sustainability aspirations at OZ Minerals by focusing on value creation for our stakeholders and we report on our value creation achievements under the sustainability elements of Safety, Environment, Community and Health and Wellbeing.

Accountability

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

Strategy

The Strategy, Business Plan and Policies and Standards which are reviewed and set on an annual basis.

Compliance

The Board and management review compliance with the Performance Standards throughout the year and Significant Incidents are reviewed by the Executive Committee with material incidents elevated to the Board Sustainability Committee.

Risk

Operating assets provide visibility of material opportunities and threats via the risk register. We ensure these accountabilities are met through our planning process and governance structure.



OZ Minerals' strategy



Our Indicators

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 land connected and indigenous suppliers. We seek win-win relationships that deliver shared value, build capability and enable us to innovate.
Community		We add real 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 and environmentally responsible manner and create economic value. We have bipartisan support for the ongoing development of our portfolio.

Our Performance – Total Economic Contribution \$894 million

Shareholders	Employees	Suppliers	Community	Government
<ul style="list-style-type: none"> ■ Share Price Growth – 20% ■ Earnings per share – 50.7 cents ■ Fully franked dividends – \$74.3 million ■ Three mines 	<ul style="list-style-type: none"> ■ TRIFR – 4% increase from 7.24 in 2018 to 7.52 in 2019^(a) ■ Total Employees – 97% increase (375 to 740) ■ Engagement above industry benchmark – 78%^(c) ■ 193 Aboriginal people in Australian workforce^(b) representing 6% of FTE workforce 	<ul style="list-style-type: none"> ■ Carrapateena project spend – 98% Australian Entities ■ 2 new traditional owner businesses established ■ Carrapateena SA contract value spent – \$236 million 	<ul style="list-style-type: none"> ■ OZ Minerals Stakeholder Day ■ Upper Spencer Gulf contract spend increased to \$42 million ■ Flagship Social Contribution Program with The Smith Family and Clontarf Foundation 	<ul style="list-style-type: none"> ■ Scope 1 Emissions: 10% decrease^(c) ■ Scope 2 Emissions: 5% increase^(c) ■ Total Emissions: 253,898 tonnes of CO2-e: stable^(c) ■ No material environmental incidents were recorded

^(a) Excludes Brazil
^(b) Employees and contractors
^(c) Australia only

Safety

High standards and leadership in the area of safety for all stakeholders.

CASE STUDY

Carrapateena 'Bring it Home'

OZ Minerals recognises that the construction phase of asset development is complex and statistically poses risks to employees and contractors. To embed safety performance at Carrapateena, we launched the site wide 'Bring it Home' campaign together with our key contract partners. The campaign was designed to enhance personal and professional pride, focus and performance as the Carrapateena construction and commissioning program neared its final stages.

Safety and wellbeing are important to us and it is the responsibility of all employees onsite. 'Bring it Home' was developed together with a performance coach and included a range of activities and initiatives aimed to give people a positive boost and identify and promote best practice.

RISKS

Operational safety and health

OZ Minerals is committed to high standards of the safety of our operations, including employees, contractors, and the communities in which we operate. Protecting the health and wellbeing of our workforce is vital.

SUPPORTING DOCUMENTS

Management approach

Stakeholder Value Creation Policies
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. 97



Safety culture and leadership

We understand 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 is reasonably practicable.

In March 2019, OZ Minerals was saddened and confronted by a fatal incident involving an ElectraNet sub-contractor associated with the construction of the Carrapateena Project. The death of the pilot who was undertaking helicopter stringing has had a profound effect on the company, and is discussed in earlier sections of this report.

Our target is to achieve an injury and occupational disease-free workplace by ensuring hazards are identified and managed at 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 monitored by our leadership team.

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

The number of recordable workplace injuries in many of our departments has been reduced as a result of 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, there is a focus on compliance with approved processes, and we implement additional controls where necessary.

Safety statistics are calculated per one million working hours and inclusive of our Prominent Hill and Carrapateena Mines as well as facilities under OZ Minerals’ operational control. In 2019, the total recordable injury frequency rate (TRIFR) per million hours worked increased by 4% from the previous year’s TRIFR of 7.24. We have set a TRIFR target of 5.50 (including Brazil) for 2020 which will require an improved performance on 2019 despite ongoing construction activity in Australia and Brazil.

We monitor lead indicators 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 (ICAM).

Significant incidents are those deemed to have:

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

We released Process Standards across all assets in 2019 as a component of our updated governance framework, including the Incident Reporting and Investigation Process Standard which sets out the process for identifying, elevating and reporting incidents, including safety-related incidents.

The Risk Management Standard, and its supporting guidelines, is a critical Process Standard and its five stakeholder pillar Risk Specification table supports the Incident Reporting and Investigation Process Standard.



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 workforce safety.

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

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



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



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 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.



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 during a crisis event. 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 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 our emergency preparedness.

CASE STUDY

COMMUNITY EMERGENCY RESPONSE SUPPORT

On 6 July 2019 the Royal Flying Doctors Service (RFDS) landed on the Traeger Roadstrip near Glendambo in South Australia's Far North to airlift a critically injured patient following a motor vehicle accident. The accident occurred on the Stuart Highway at Mt. Eba, near the Bulgunnia turnoff. First-responders and outback emergency services closed the highway for RFDS to safely land and airlift the patient to safety. Emergency Services from the town of Coober Pedy included SA Police, SA Ambulance, Mine Rescue/ SES and the CFS. OZ Minerals' Prominent Hill Mine Emergency Response Team (ERT) also responded to support the local emergency services.

Michael Beelitz, ERT Unit Manager said, "It was a wonderful team response from all agencies in town to successfully rescue the young lady involved in the accident."

"Our team coordinated the closure of the roadstrip and supported the RFDS team to stabilise and load the patient onto the plane. It was really good to see the Traeger Roadstrip utilised and be able to support a successful rescue," he said.

"Thank you to all of our local volunteers for responding to tourist incidents and the Flying Doctor Service for also keeping our country as safe as possible."



RFDS airplane landing at Traeger Roadstrip near Glendambo to airlift a critically injured patient.

Environment

Minimising our impact and caring for the natural environment is vital for our sustainability.

CASE STUDY

Shared water use for Carrapateena

Water is essential for our stakeholders and we appreciate the critical importance of sustainable water management in the mining and resources sector.

In the development of the Carrapateena mine we focused on identifying and defining a sustainable water supply to meet the forecast demands of the site. Through 2017 and 2018 we conducted extensive water exploration drilling in the region, which is currently being further explored from an advanced exploration viewpoint, to confirm sustainable pumping rates of identified wells.

Carrapateena has developed the Northern Wellfield so it uses the underground mine water inflows which are heavily saline and not suitable to pastoralism, to enable application of sustainable practices for the operation and to access a water source independent of pastoral station operators.

OZ Minerals has worked with the South Australian Department of Mines (DEM) and the local pastoral stations to provide a treated water supply to the station for stock operations, creating a sustainable water source to support local pastoral operations.

CLIMATE RISK

OZ Minerals recognises the physical and non-physical (transition) impacts of climate change may affect our assets, productivity, the markets in which we sell our products, and the communities in which we operate. Risks related to the physical impacts of climate change include acute risks resulting from increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns.

Non-physical risks arise from a variety of policy, regulatory, legal, technology, and market responses to the challenges posed by climate change and the transition to a lower-carbon economy.

SUPPORTING DOCUMENTS

Environmental governance

Sustainability Committee Charter,
Stakeholder Value Creation Policies
ozminerals.com/about/corporate-governance

Management approach

Governance Framework, p. 21
Environmental Performance Standards
ozminerals.com/sustainability/environment

Performance data

Environmental Data Tables, p. 97–98





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

Climate Change statement
ozminerals.com/sustainability/Climate-Change-Statement/

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. 97

EMC Program
 Energy and Mining Collaboration p. 82



Climate change, energy use and greenhouse gas emissions

Climate change was one of the highest ranking topics in this year’s materiality assessment. Climate-related risks and the control actions are detailed in the risk section of the Directors’ Report (page 41). We are a copper-core modern mining company and as such provide a metal that is in high demand in the rapidly growing low carbon economy. We seek to conduct our activities socially, ethically and in an environmentally responsible manner.

During the year we developed a climate change statement in which we support the Paris Agreement objectives to limit the global average temperature rise to below 2 degrees Celsius. In this statement we committed to playing our part in reducing carbon emissions and preparing for the impacts of climate change along with the actions needed to achieve net-zero carbon emissions by 2050.

We also committed to developing a Roadmap for reporting of integrated climate risks and climate-related financial disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

That Roadmap has been developed and is aligned with and will be integrated into our OZWay of working. Integrating climate risk management and TCFD within the elements of how we work – our strategy and our governance framework which includes our risk and other process standards, our policies and performance standards - ensures implementation across the Company and our devolved operating assets.

As the Roadmap outlines, we aim to leverage and modify our Risk Management Specifications to comprehensively accommodate opportunities and threats arising from climate-related risk. Identifying both opportunities and threats for our business is key to delivering our Strategy in which creating value for all stakeholders is central. We will continue to assure our responses to our identified climate risks are occurring and we will disclose progress in our annual reporting.

Our Action Plan

Actions aim to embed climate risk within OZ Minerals and progressively expand our performance and overall approach.

	2019 Actions to Date	2020 Enhancing our approach	2021–22 Defining our performance	>2022 Maturing our approach
Governance	<ul style="list-style-type: none"> / Board and Management endorsed TCFD Roadmap / Risk framework specifically recognises both threats and opportunities 	<ul style="list-style-type: none"> / Further build capability across business to implement TCFD via <i>The OZWay</i> / Gap analysis of climate risk management across governance practices (Policies, Performance and Process Standards) 	<ul style="list-style-type: none"> / Bi-annual review of climate-related control actions / Continue to build employee capability regarding climate-related risk 	<ul style="list-style-type: none"> / Review governance approach to climate-related threats and opportunities / Review climate-related roles and responsibilities
Strategy	<ul style="list-style-type: none"> / Developed our opportunities-focused Global Copper Strategy / Acknowledged scientific consensus on climate change and Paris Agreement objectives / Established dedicated long-term strategy Transformation Corporate Function / Established seven-partner Energy and Mining Collaboration (EMC) to investigate opportunities for mine site renewable energy integration and energy and fuel optimisation / Developed an internal carbon price / Current exposure to Cu and Ni, both needed for a clean energy future 	<ul style="list-style-type: none"> / Gap analysis of Policies, Performance and Process Standards / Begin asset scenario analysis / Consult with key stakeholders and undertake peer and market benchmarking / Further explore strategic partnering opportunities / Introduce climate adaptation to Transformation function / Integrate climate risk, including carbon pricing into investment decisions and project evaluations 	<ul style="list-style-type: none"> / Conduct further physical and transition climate-related opportunity and threat assessment using scenario analysis, incorporating assets and corporate functions. Consider outcomes as part of annual strategy reviews / Implement priority control actions / Further refine internal decision-making tools (e.g. carbon pricing) 	<ul style="list-style-type: none"> / Consider material climate-related threats and opportunities in asset planning / Enhance suite of internal decision-making tools
Risk Management	<ul style="list-style-type: none"> / Climate change identified as material strategic risk / Risk management framework matured to assess opportunities and threats against five stakeholder value pillars 	<ul style="list-style-type: none"> / Review current climate-related risks 	<ul style="list-style-type: none"> / Ensure climate-related opportunity and threat control ownership is clearly defined / Support risk owners to manage climate-related opportunities and threats 	<ul style="list-style-type: none"> / Further refine approach to climate-related risk management
Metrics and Targets	<ul style="list-style-type: none"> / Disclosure of scope 1 and 2 emissions, energy, water, waste / Publicly committed to implementing the TCFD Recommendations 	<ul style="list-style-type: none"> / Consider appropriate metrics / Establish quarterly reporting of key metrics by assets 	<ul style="list-style-type: none"> / Develop plan for public reporting on financial related disclosure of climate related risk / Integrate performance reporting into disclosures (annual, quarterly, monthly, website) 	<ul style="list-style-type: none"> / Continue to report on material metrics / Report performance against target(s)

Our two major operations are connected to the South Australia electricity grid which is estimated to comprise approximately 50% renewable energy. In Brazil, all electricity used by our assets is derived from renewable hydro electricity.

In 2019, the majority of OZ Minerals' energy use occurred at the Prominent Hill mine as the largest operating mine in the portfolio. The two main areas of energy consumption were the processing plant (electricity) and mining vehicles (diesel fuel).

In 2019, Prominent Hill's mining activities were underground-only having successfully completed the transition from the open pit.

OZ Minerals' energy demand will continue to increase following the commissioning and production ramp up of the Carrapateena mine.

Our Australian assets have reported the following energy use and greenhouse gas emissions in line with NGRS:

- / Scope 1 Emissions (mainly onsite fuel combustion): 77,271 tonnes of CO2-e (10% decrease compared to previous year)
- / Scope 2 Emissions (grid electricity): 176,627 tonnes of CO2-e (5% increase compared to previous year)
- / Total Scope 1 and Scope 2 Emissions: 253,898 tonnes of CO2-e (stable compared to the previous year)
- / Diesel use is Prominent Hill's primary source of Scope 1 greenhouse gas emissions.
- / OZ Minerals did not sell energy in 2019.



Management approach

OZ Minerals Water Performance Standard, OZ Minerals Tailings Performance Standard, OZ Minerals Waste and Waste Water Performance Standard ozminerals.com/about/corporate-governance

Performance data

Water Data Table, p. 98



Water

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

Our Australian assets, Prominent Hill and Carrapateena, are situated in areas with an average annual rainfall of less than 200 millimeters per year and depend on groundwater to sustain 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.

In Australia, our water monitoring program involves measuring and monitoring water levels and quality in previously-agreed pastoral wells on neighbouring stations. Additionally, we closely monitor in-use and surrounding groundwater sources and report results to relevant stakeholders. We conduct sediment monitoring, including metal concentrations and acidity, to detect any potential changes in downstream surface water quality.

Our Brazilian assets are situated in the Carajás Province with an annual rainfall of over 2,286 millimeters per year.

Our Antas asset has a Water Resources Management Program which aims to monitor and evaluate surface and groundwater.

CASE STUDY

ENERGY AND MINING COLLABORATION (EMC)

In 2018, OZ Minerals embarked on an Energy and Mining Collaboration (EMC) initiative with Adelaide University, CSIRO, the Department of Energy and Mining, the Rocky Mountain Institute, SunSHIFT and the Tonsley Innovation Precinct. The partnership is focused on investigating demand for renewables adoption in the mining industry in preparation for a possible showcase of renewable energy integration.

The EMC facilitates collaboration between these organisations to investigate renewable energy and demand management related activities on a mine site, with a view to developing and identifying opportunities for an international showcase that optimises electrical and fuel demand and the integration of renewable energy systems. This will be done via the creation of partnerships focused on testing of energy and technology hypotheses to unlock transformational value in mining.





Management approach
 OZ Minerals Air Emissions Performance Standard
ozminerals.com/about/corporate-governance

Annual reporting obligation
 National Pollutant Inventory (NPI)

Performance data
 Air Quality Data Table, p. 97



Air Quality

The largest air quality 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. 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. All assets monitor and manage emissions via an Air Quality Management Plan as per the Air Emissions Performance Standard.



Management approach
 Waste and Wastewater Standard, Waste Rock and Ore Standard, and Tailings Standard
ozminerals.com/about/corporate-governance

Performance data
 Waste Data Table, p. 98



Waste and Tailings

OZ Minerals has three active tailings facilities (Prominent Hill, Antas and Carrapateena). In 2019, all assets have had inspections undertaken by independent and qualified geotechnical engineering specialists with experience in the design, operation and auditing of tailings dams.

Mining waste is managed onsite at Prominent Hill, the Antas Mine in Carajás and the new Carrapateena mine which is ramping up to full production over a 12 month period following first concentrate production.

Prominent Hill has one Tailings Storage Facility (TSF) located within the Integrated Waste Landform (IWL) which includes the Waste Rock Dump (WRD). As an IWL, the TSF is surrounded by a wide buttress of mine waste forming the Southern WRD within which a clay-lined perimeter embankment is constructed. The TSF is constructed with the downstream construction method. Over the reporting period, Prominent Hill produced 951,000 tonnes of waste rock and 8.8 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.

The Carrapateena Mine Stage 1 is a cross valley starter embankment. The initial lift (Stage 2) has been constructed using a downstream raise methodology with similar construction materials to that of the starter embankment. Subsequent raises (Stages 3 – 6) will be constructed using an upstream raise methodology, using consolidated tailings with waste rock armouring of the downstream faces.

The Antas facility embankment has been raised only once using the downstream construction method.

Our tailings performance standard, which applies across the company, 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 to groundwater.

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.

OZ Minerals' Australian Tailings Storage Facilities have been designed, constructed and operated in accordance with ANCOLD (Australian National Committee on Large Dams). In Brazil, quality assurance and monitoring activities are undertaken as normal course of business with bi-monthly reporting provided to the Mines Department (ANM).

MATERIAL RISK

TAILINGS STORAGE FACILITY (TSF)

Tailings Storage Facilities are dynamic structures and maintaining their integrity requires consideration of a range of factors, including appropriate engineering design, quality construction, ongoing operating discipline, and effective governance processes.

CASE STUDY

PROMINENT HILL RECYCLING AND WASTE REDUCTION PROGRAM

Performance

Recycled Resource	Tonnes recycled July 2018 to June 2019
Steel	935
Cardboard	39
Glass	32
Drink cans	1
Plastic	2

Waste management has been a priority environmental and community measure since Prominent Hill started operations. Prominent Hill’s integrated waste management contract has been in place since 2009 to reduce the amount of material entering landfill. During this time, the Environment and Community team has worked with stakeholders to create value, directly and indirectly from the management of this contract and service.

Our Prominent Hill team has partnered with AMY Environmental Services (AMYES), Prominent Hill’s onsite waste contractors, since 2015. AMYES is 100% owned by the Traditional Owners, the Antakirinja Matu Yankunytjatjara (AMY), and employs four full time operators and two trainee waste operators from the local AMY community. The team leads best practice in recycling and waste reduction through the development of a workplace culture that embraces waste reduction and recycling practices into everyday operations. All materials are back-loaded to Adelaide for processing and rebates are used to fund site-based social and environmental initiatives.



Management approach
 Land and Biodiversity Standard
ozminerals.com/about/corporate-governance

Performance data
 Land and Biodiversity Table, p. 98



Land and biodiversity

In the development of the Prominent Hill mine, OZ Minerals committed to the establishment and management of a Significant Environmental Benefit (SEB) offset area. The SEB is 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 objectives of the SEB offset area are 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 has been continually undertaken since 2006 and 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 (Cth), and the Chestnut-breasted Whiteface listed as rare under the National Parks and Wildlife Act 1972 (SA). 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 aimed at ensuring the health of the preferred habitat is maintained.

At Carrapateena, the nationally-threatened Plains Mouse occurs within the project area. A further three species listed under the National Parks and Wildlife Act 1972 (SA) have been identified as occurring within or in proximity to the project, including the plant species Frankenia Subteres (rare), the Perigrine Falcon (rare) and the Australian Bustard (vulnerable). Two environmental offset areas are established to support the Carrapateena operation – a local on-ground offset on South Gap Pastoral Lease for the management of identified Plains Mouse habitat, and a larger area on Witchelina Pastoral Lease to offset native vegetation clearance associated with establishing the Carrapateena project.

In the Carajas region, our teams have cultivated a nursery to support the maintenance of local biodiversity.



CASE STUDY

NATURE FOUNDATION

OZ Minerals and Nature Foundation South Australia first worked together for outcomes of benefit to South Australia’s environment in 2012. Since then, an innovative partnership has been formed for the management of environmental offsets required under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (EPBC) and Native Vegetation Act 1991 (SA) as a result of ground disturbing activities associated with our Carrapateena mine and Hill to Hill transmission line project. The partnership is designed to enable collaborative

arrangements between both parties around the successful delivery of the EPBC and Native Vegetation offsets, potential carbon offsets, Carrapateena mine site land management objectives and engagement of the local pastoralists and Kokatha people through projects to deliver conservation and environmental outcomes. It ensures a long term, robust focus on environment protection and restoration that extends beyond the life of mine at Carrapateena.

MATERIAL RISK

MANAGING AND PROTECTING THE ENVIRONMENT

There is growing pressure on and competition for environmental resources, such as biodiversity, water, and air. Our operations and growth strategy depend on obtaining and maintaining the right to access these environmental resources.

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.



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



Rehabilitation and closure

OZ Minerals’ South Australian operations 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 liabilities. Closure planning is updated throughout the mine’s operational life to identify and reduce risks and unknowns 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 80% 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 all stakeholders. We support community initiatives and sustainable local businesses as a part of our community engagement program.



Social Performance

Superior social performance creates value for stakeholders and supports our growth.

CASE STUDY

On Thursday 28 November 2019, OZ Minerals hosted a Stakeholder Day that brought around 250 of our stakeholders together at our Adelaide Airport office. As Value Creation for our stakeholders is at the centre of the OZ Minerals Strategy, the day was designed to showcase examples of our value creation collaborations that are already underway, and bring together shared stories from OZ Minerals and stakeholders working together to develop relationships with different people.

MATERIAL RISK

Maintenance of community relations and good title

OZ Minerals is committed to high standards of stakeholder engagement and social performance by its employees and contractors.

Building and maintaining strong supportive relationships and partnerships with host communities in the areas where we operate drives value creation for both the business and communities.

The company seeks to deliver long-term benefits to local communities and other stakeholders by engaging and collaborating with local communities, understanding the social impacts of our activities, and reducing the adverse effects of our activities.

SUPPORTING DOCUMENTS

Environmental governance

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

Management approach

Governance Framework, p. 21
Environmental Performance Standards
ozminerals.com/sustainability/environment

Performance data

Environmental Data Tables, p. 97–98





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



Stakeholder engagement

We seek to build and maintain strong, supportive relationships with all stakeholders (shareholders, suppliers, government, communities and employees) in the host and local communities where we operate.

Our assets have stakeholder engagement programs that include engagement with regulatory bodies, suppliers, government agencies, communities, land owners, land connected Indigenous and land connected peoples including local landowners within the sphere of influence of the operations and project activities. This ensures input from the local stakeholders 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 assets' activities to better understand stakeholder values and the potential impacts. We provide accurate and fit for purpose information in a timely manner, and anticipate and proactively address community and stakeholder issues and concerns as part of the engagement process.

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



Performance data
 Socioeconomic Data Table, p. 99



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.

Our total economic contribution for 2019 was \$895 million and included:

- / more than \$81 million in wages and benefits
- / \$74.3 million in dividends to shareholders
- / \$57.6 million in royalties and \$64.7 million in taxes.

Prominent Hill and Carrapateena significantly contributed to local and regional economies.

Operationally, significant value is generated through employment directly and through our contracting partners, 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.

All of the 194 Carajás workforce are from the local community.

More details are available in the Financial Report (page 111) and in the socioeconomic performance tables of this section of the report (page 99).



Sponsorship
 OZ Minerals Sponsorship Guidelines
ozminerals.com/sustainability

Performance data
 Community Investment Data Table,
 p. 99

Partners
thesmithfamily.com.au,
clontarf.org.au,
flyingdoctor.org.au



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

communities' wishes. Our sponsorships and community investment initiatives strive to support organisations or projects to achieve sustainable outcomes. We contributed \$533,000 in sponsorship to local organisations and programs in 2019. Direct donations are complemented by in-kind contributions and an employee volunteering program.



CASE STUDY

EDUCATING THE NEXT GENERATION



OZ Minerals' flagship corporate social contribution program, Educating the Next Generation, was launched in April 2019. The program was designed to support our local communities and enable our peoples' involvement through volunteering or mentoring with The Smith Family and Clontarf Foundation over the next three years, in addition to our continued support of the Royal Flying Doctor Service.

Partnering with The Smith Family and Clontarf Foundation, we hope to create something with real impact that results in positive improvements in the communities we are surrounded by and work in.

What makes the flagship program special is that it was developed in consultation with:

- / **some of our community stakeholders** – who said the education of young people was important to them

- / **our people** – many who expressed a desire to make more than a financial contribution to a cause, preferring to volunteer skills and time, and even mentor through the company, and make a difference at the grassroots level.

While the program is being implemented in Adelaide, it was developed to be sustainable and flexible enough to be extended into multiple states and countries, and to complement the localised donations and sponsorships already delivered by our assets.

Continued support of Royal Flying Doctors Service

OZ Minerals has been a proud and 'major' partner of the Royal Flying Doctor Service (RFDS) Central Operations since 2007 when the Prominent Hill copper-gold mine was still in construction. In 2019, OZ Minerals and RFDS renewed this longstanding partnership.



External documents

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

Performance data

Tax data table, p. 101



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 law.

OZ Minerals formally registered with the Board of Taxation's TTC in 2019 and present the following information in accordance with the TTC:

Tax governance

The objectives of OZ Minerals tax risk management includes 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. While 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' 2019 employee and tax related contributions, to State and Federal tax authorities, is provided in the performance data tables on page 101.



Management approach

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

Performance data

Procurement Data Table, p. 99



Local enterprise and procurement

We seek to create enduring and sustainable value for our host communities, states and territories associated with 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 not competitive. We also help local businesses understand our pre-qualification processes and procurement standards. Local and Indigenous and land connected peoples are encouraged to apply for positions and tender for business opportunities with our assets.

Our activities contributed \$361.6 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.

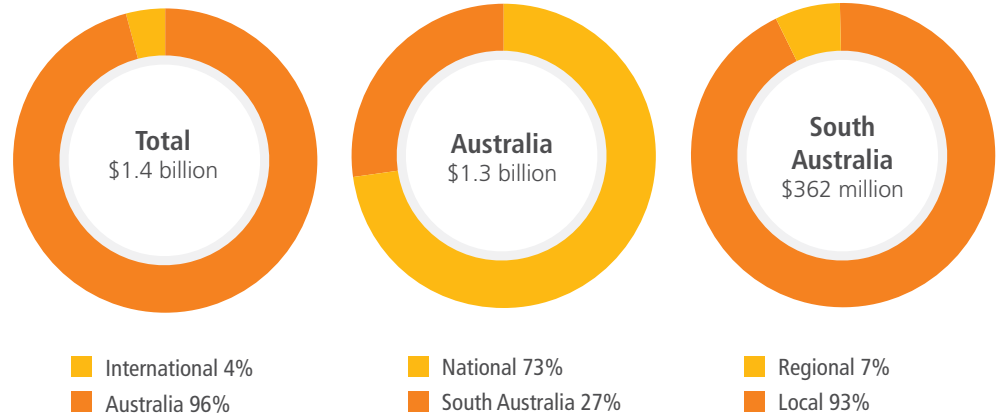
Our greatest supply impact is through contracting mining and other services. The largest material inputs include diesel fuel, explosives, grinding media used in the processing plant, and cement used in the underground mine. These materials are sourced from large, reputable organisations with operations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

The Kokatha Aboriginal Corporation (KAC) is the organisation of native title holders for the area encompassing a significant portion of the Far North of South Australia, including Roxby Downs and the Carrapateena Mine. In 2017, OZ Minerals and KAC established Kokatha Mining Services (KMS) a 100% KAC-owned business at Carrapateena that operate machinery including water carts and graders as part of the Carrapateena development activities

The result of the partnership was the establishment of a road maintenance business and was awarded the Carrapateena Access Road maintenance in December 2019. This long term contract will allow the KAC and Carrapateena to leverage future long term business opportunities at Carrapateena, beyond the Carrapateena mine and outside of the resource industry. This continuous improvement philosophy extends to the partnering model currently in place within OZ Minerals.

Our Brazilian assets have a high level of local procurement.

Total spend on suppliers by region



CASE STUDY

GMUSG PARTNERING PERFORMANCE – CARRAPATEENA PROJECT



OZ Minerals is committed to prioritising sustainable local procurement and employment, with particular attention on the Upper Spencer Gulf, an Outback Community. Since 2016, OZ Minerals has partnered with Global Maintenance Upper Spencer Gulf (GMUSG) to drive local content activities, facilitating connection of local businesses to the Carrapateena supply chain. We have actively facilitated lead contractor introductions to local suppliers and businesses, which has resulted in a number of Indigenous and local contractors and suppliers being engaged onsite.

Carrapateena’s Australian Industry Participation Plan requires relationships to be fostered with key regional stakeholders, providing business and employment opportunities directly, and through our major contractors who are critical stakeholders for the project.

Carrapateena Performance

- / As of November 2019, 191 Carrapateena Work Packages have been advertised on the Industry Capability Network (ICN) supplier portal with 1,825 Expressions Of Interest received, approximately 40% of which were from South Australian Businesses.
- / Of the \$871.3 million currently committed on the Carrapateena project, 97.7% has been to Australian Entities.
- / Australian Industry Participation Plan (AIP) data reported by our contractors shows cumulative contract value spent in South Australia by contractors increased to \$236 million as of November 2019.
- / AIP data also showed cumulative contract value spent in the Upper Spencer Gulf by contractors increased to \$41.9 million as of November 2019.





Management approach
ozminerals.com/sustainability



Land-connected and Indigenous peoples

We recognise and respect the unbroken cultural connection and cultural authority of Aboriginal and Torres Strait Islander Peoples in Australia.

A value creation and partnering approach focused on building mutual respect and knowledge to recognize 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 people dedicated to regular liaison with Indigenous communities.

The requirements regarding engagement with Indigenous communities are set out in the Land-Connected and 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 and land-connected people is based on principles of equality, transparency and mutual benefit. It respects and protects the rights of Indigenous People and is in line with the values of Free Prior and Informed Consent (FPIC).

Voice Treaty Truth

We recognise Aboriginal and Torres Strait Islander Peoples as the first people of Australia and the importance to all of us for their voice to be heard. We support efforts being made to achieve this next step in National Recognition.

In support of the principles of Voice, Treaty and Truth, we undertake to continue working with our traditional owner partners in the spirit of shared value and mutual obligation to create sustainable benefits by leveraging, developing and building on our shared aspirations, while protecting and respecting country and culture.

Our commitment is enshrined in our partnering agreements

- / Kokatha Aboriginal Corporation and Carrapateena Mine - Nganampa palyanku kanyintjaku 'Keeping the future good for all of us'
- / Antakirinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC) and Prominent Hill Mine - Tjunguringanyi – tjaku "Coming together"



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

Voice Treaty Truth
ozminerals.com/sustainability/voice-treaty-truth



Cultural heritage

We collaborate and partner with land connected and Indigenous peoples to provide context specific and fit for purpose 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.

CASE STUDY

WEST MUSGRAVE RANGER COLLABORATION



Between September and December 2019, the Ngaanyatjarra Council’s Blackstone Ranger team undertook a regional survey for Tjakura (Great Desert Skink-Egernia kintorei) in the areas surrounding the West Musgrave Project. Tjakura is listed under the Commonwealth Environment and Biodiversity Conservation Act 1999 (Comm EPBC Act) and the Western Australian Biodiversity and Conservation Act 2016 (WA BC Act) as Vulnerable. The work was undertaken to identify whether a future copper and nickel project at West Musgrave may present any impact to this species.

This engagement represents one of the most significant engagements of the Blackstone Ngaanyatjarra Ranger team by stakeholders external to the Ngaanyatjarra Lands. This type of work leverages the Ngaanyatjarra Traditional Owners’ deep knowledge of the regional landscape, and the biodiversity within it. This is seen by local people to represent valuable work for the preservation and documentation of their environments.

Through this, the Blackstone Ngaanyatjarra Ranger team identified a further seven regional populations of Tjakura, representing a nationally important find given that the species was considered to be rare. These finds also confirm a potential future project presents minimal risk to the viability and persistence of this species.





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



Human rights

Our internal governance is guided by international guidelines, including 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 compliance and ethical business. Asset induction training raises awareness of human rights responsibilities with senior management, employees, contractors (particularly security

personnel), 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 minimise the risk of human rights violations in our operations or in our supply chain.

Modern Slavery Act

We seek to address the risk of modern slavery in our operations and supply chains and comply with the Modern Slavery Act 2018 (Cth). Currently, we are working with our supply chains to meet the new reporting obligations.

MATERIAL RISK

HUMAN RIGHTS AND ETHICS

OZ Minerals' activities are exposed to human rights, ethics, and social well-being expectations. Our operations and supply chain are subject to human rights, ethics, and employment conditions, which may vary from time to time.

The company recognises the potential for human rights exposures and risks in all jurisdictions and is committed to working broadly to promote respect through stakeholder engagement, collaboration, advocacy, and contribution to public policy development.



Anti-bribery and corruption

We carried out an internal audit of our Anti-Bribery and Corruption Standard and 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 our Brazilian assets. The primary purpose of the internal audit was to identify the bribery and corruption compliance risks we face, how these risks are currently managed and what improvements could be made to the governance and compliance framework.

Online training was provided to all our employees.

The OZ Minerals public and internal facing Anti-Bribery and Corruption material was updated in 2019.

The OZ Minerals public-facing 'Whistleblower' material has been released as 'Speak Up' following updates in line with the Australian Whistleblower Legislation introduced in 2019.



Health & Wellbeing

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

CASE STUDY

CentroGold apprentices undergo training at Antas Norte

OZ Minerals has a strong commitment to education and training for host communities. In June 2019, young apprentices from our CentroGold project travelled to the Antas mine, 1,600 km away, to undertake three months of onsite workplace training. The eight apprentices participated in onsite training designed to provide an authentic experience and support them in understanding the company's culture, standards and safety policies. The training blended theoretical teachings and practical application of that knowledge into activities to be developed in the project located in Maranhão.

"Our job was to bring qualifications training to these young people living in the Centro Novo (MA) community, home to the CentroGold project, and to provide experience in the mining environment. As such we hope they can take quality information to the community they live in," said Polyanne Lima, Human Resources Supervisor.

MATERIAL RISK

Attracting and Retaining Talent

OZ Minerals competitive advantage lies in its agile and innovative culture. Attracting and retaining great people with the right skills and behaviours both now and for the future is core to our success.

SUPPORTING DOCUMENTS

Management approach

Stakeholder Value Creation Policies
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/



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



Health and wellbeing programs

Our people’s health and wellbeing are important to us. People with a strong sense of wellbeing are more engaged at work and are better for their communities and families. In 2019, we implemented a number of programs to promote and support physical, mental, social and emotional health and wellbeing. We also actively promoted flexible working arrangements for our people, allowing them to work in ways that support their commitments outside of work.

Our fitness-for-work program includes a wide range of activities and education in fatigue management, employee assistance programs, role-based assessments, fitness, and drug and alcohol programs. We provide our people with the necessary education and information to self-manage their fitness-for-work.

We value the continued development of an inclusive culture where people can openly talk about mental health. In 2019, we implemented several preventative programs to support mental wellbeing. This included incorporating mindfulness through the Smiling Mind Program in the Adelaide Office. The team at Carrapateena

worked with an external partner to deliver training that raised awareness of mental health. Both Prominent Hill and Carrapateena assets have developed mental health initiatives in order to raise awareness of mental health and suicide prevention. Over 300 people have participated in the Carrapateena mental health awareness sessions with 50 personnel completing mental health first aid training.

OZ Minerals continues to 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 provides access to a network of accredited counsellors and psychologists that can support with both work and personal issues.

Throughout the year, OZ Minerals provided free medical check-ups, skin cancer checks, flu-vaccinations and health education classes. Our people also have access to corporate health plans and income protection.



Business ethics and ethical conduct training

The Code of Conduct is our highest order of corporate governance and outlines the importance of – and our commitment to – maintaining an open working environment so our employees and contractors can report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

We have appointed STOPline as the disclosure line to report unacceptable conduct confidentially and anonymously under the ‘Speak Up’ (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.

Our interactive online induction program further reinforces our Code of Conduct, policies and performance standards.





Performance date
Employment Data Table, p. 102



Training and development

We are committed to ensuring our employees have access to career development while working at OZ Minerals. It is mandatory for each employee to have a development plan in place to support their career aspirations. This year, employees across the company undertook secondments to different areas of the business, participated in mentoring and coaching programs and attended formal training and conferences.

Our Leadership Development Programs focus on developing exceptional leaders who are inclusive, collaborative and innovative. Our How We Work Together principles and behaviours provide the foundation of how we conduct our activities.

This year our workforce undertook 30,642 hours of employee training, mostly at Prominent Hill and Carrapateena. Training across the company spans inductions, safety, business ethics, role specific, technical, and compliance training, designed to lift the capability of our workforce.

CASE STUDY

MARCILIO ROCHA – EXPLORATION GEOLOGIST, BRAZIL

Marcilio Rocha – Exploration Geologist, Brazil spent six weeks in Australia working with the Australian team as part of the Explorer Challenge drilling program around Prominent Hill.

“I learned so much from so many people during my time there and I will share and apply what I’ve learned with other people here in Brazil. This is How We Work Together,” Marcilio said.

Through this development program, we hope to promote development, knowledge sharing and collaboration between our global assets.



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

Performance date
Diversity Data Table, p. 102



Diversity and inclusion

We are committed to developing an inclusive culture where people are treated fairly and respectfully, where they feel valued and have a sense of belonging. This includes creating a psychologically safe work environment that empowers each person to contribute and express their ideas.

We focus on, and continue to support, diversity for under-represented groups and provide equal access and opportunity for all people regardless of age, gender, race, national or ethnic origin, cultural background, experience, social group, marital status, religion, language, political beliefs, sexual orientation or physical ability. Several strategies are in place to increase the level of inclusion, demographic diversity and diversity of thought.

The participation of women, Indigenous peoples and a multi-generational workforce continues to be measured.

Women make up 21% of the workforce directly employed by OZ Minerals, with the Board and senior leadership having >30% female representation. There are approximately 193 Aboriginal people working at Prominent Hill and Carrapateena (as employees and contractors) – representing 6% of our Australian workforce, one of the highest representations of Aboriginal people within Australian mining workforces.

Equal remuneration is offered for all our employees, reflective of the type of job, years of experience and the period for which employees have held their position. This continues to be annually reviewed to provide assurance that our employees’ remuneration remains equitable and in line with market trends.



Sustainability performance data

Figures exclude West Musgrave, as the project was under the operational control of Cassini Resources for the reporting period. Safety and Environment tables exclude the Carajás.

Safety

Safety performance

	2019	2018	2017	2016	2015
Employee fatalities	0	0	0	0	0
Contractor fatalities	1	0	0	0	0
TRIFR (employees and contractors)	7.52	7.24	6.39	6.80	5.30
LTIFR (employees and contractors)	1.54	0.93	0.36	1.07	0.90
Significant safety incidents ^(a)	38	63	65	71	61

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

Environment

Energy

Energy consumption (GJ) 2018-2019	Energy consumed	Energy produced	Energy consumed (net)
Prominent Hill	1,836,444	400	1,836,044
Carrapateena	574,367	38,180	536,187
Group office	811	0	811
Total	2,411,622	38,580	2,373,042

Emissions

Total direct and indirect emissions	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Greenhouse gas emissions Scope 1 (t CO ₂ -e) ^(a)	77,271	85,258	105,648	142,669	180,290
Greenhouse gas emissions Scope 2 (t CO ₂ -e) ^(b)	176,627	167,980	177,306	190,825	199,209
Total of Scope 1 and Scope 2 (t CO ₂ -e)	253,898	253,238	282,954	333,494	379,499
Sulphur Hexafluoride SF ₆ (t CO ₂ -e)	16	11	11	11	11
Oxides of nitrogen (t)	783	632	342	994	1,242
Sulphur dioxide (t)	0.46	0.45	1.30	0.85	1.11
Total volatile organic compounds (VOC) (t)	52	35	108	52	86
Particulate matter < 10 um (t)	2,316	2,180	3,310	4,488	5,899

Note: The reporting period is July 2018 to June 2019 and is for Australian assets only. 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 2019 calendar	Surface water	Groundwater (mine dewatering)	Groundwater (wellfield)	Rainwater	Municipal water supply	Total recycled	% Total recycled
Prominent Hill	0	464	5,783	0	0	315	5%
Carrapateena	0	521	490	0	5	0	0%
Total	0	985	6,273	0	5	315	4%

Water discharge

Water discharge (ML) 2019 calendar	Subsurface	Surface	Sewers	Land (dust suppression)	Land	Treatment facilities	Groundwater
Prominent Hill	0	0	0	241	0	0	0
Carrapateena	0	0	0	533	48	3.7	0.5
Total	0	0	0	774	48	3.7	0.5

Waste

Mineral waste 2019 calendar	Overburden & waste rock (t)	Material moved (t)	Total ore mined (t)	Liquid fossil fuels (kL)*	Lubricants (kL)*	Explosives (t)*
Prominent Hill	951,444	4,317,376	3,365,932	13,847	562.9	1,607.5
Carrapateena	1,352,765	1,653,405	300,640	13,004	193.0	1,550.3
Total	2,304,209	5,970,781	3,666,572	26,851	755.9	3,157.8

*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 2019 calendar	Solid recycled (t)	Liquid recycled (l)	Landfill (t)	Incineration (t)	On-site storage (t)	Hazardous transported (t)
Prominent Hill	1,009.0	44,744.0	484.9	195.0	0	7.5
Carrapateena	111.6	0	1,683.8	0	0	312.3
Total	1,120.6	44,744.0	2,168.7	195.0	0	319.8

Rehabilitation and closure

Land management (ha) 2019 calendar	Total landholding	Mine footprint	Land disturbed	Land rehabilitated
Prominent Hill	11,401	2,039.0	0.6	1.1
Carrapateena	44,144	1,094.2	664.2	61.8
Total	55,545	3,133.2	664.8	62.9

Environmental compliance

Total volume of significant spills (L)	1,758,100
Monetary value of significant fines (\$A)	0

Social

Socioeconomic contribution

\$millions	Operations	Employees	Payments to providers of capital		Payments to government		Community investment	Total economic contribution	Revenues	Economic value retained
			Dividend payments to shareholders	Providers of funds	Income taxes expense ^(b)	Royalties ^(b)			Revenue, other income and financing income ^(b)	
Region	Operating expenses	Employee benefit expenses ^(b)					Community investments			
South Australia ^(a)	(511.4)	(80.7)	(74.3)	(2.3)	(66.2)	(57.6)	(0.5)	(793.0)	1,046.1	253.1
Brazil	(101.6)	(1.0)	0.0	0.0	1.5	0.0	0.0	(101.1)	66.2	(34.9)
Total OZ Minerals	(613.0)	(81.7)	(74.3)	(2.3)	(64.7)	(57.6)	(0.5)	(894.1)	1,112.3	218.2

Overview revenues

Categories	\$millions
Revenue	1,107
Other income	0
Financing income	5
Total	1,112

Overview operating expenses

Categories	\$millions
Changes in inventories	(142.8)
Raw materials	(256.2)
Exploration and evaluation	(93.9)
Freight expenses	(80.5)
Net foreign exchange	1.0
Other expenses	(40.6)
Total	(613.0)

Overview community investment

Categories	\$
Community appeal	176,000
Education	220,000
Health	100,000
Industry	37,000
Total	533,000

Procurement

Region	\$millions
South Australia – local	26.7
South Australia – total	361.6
Australia – total	1,336.6
International – total	57.2
Total	1,393.8

^(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 2019.

Stakeholder engagement

Stakeholder group	About the stakeholder	Engagement
Shareholders	Retail and institutional shareholders.	Annual General Meeting, Annual 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	Lenders, 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 and Sustainability Reports, Quarterly Reports and webcasts, ASX releases, 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 employees. Personal visits by marketing department and process management employees. Site visits to customer plants and customer representatives encouraged to visit OZ Minerals' operations. Production of parcels as per customer specifications.
Employees	Employees are commute to assets, fly-in fly-out in Australian and bus-in bus-out in Brazil. Employees are 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 employees through presentations and discussions, 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 employees.
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, and industry alliances.	Papers and presentations given by executives at various industry-related conferences. Location-specific industry meetings, informal communication and working groups.
Communities	Individuals and groups local to our operations, including landowners, traditional owners, 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 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 employees through site visits, meetings, events and reporting.

Tax

Australian tax-related contribution summary	\$millions
Corporate income tax*	44.1
Government royalties	57.6
State payroll taxes and other	4.8
Total	106.5
Employee PAYG	26.9

* Corporate Income Tax represents cash outflows in 2019 in relation to the following:
 / Income tax receipt for December 2019 totaling net \$0.9 million (\$1.8 million installment offset by \$2.7 million refund)
 / Monthly PAYG installments paid during the 2019 income year totaling \$45.0 million

Reconciliation of accounting profit to income tax expense	\$millions
Accounting profit before income tax expense	228.6
Tax at Australian tax rate of 30%	(68.6)
Variation in overseas tax	0.1
Non deductible expenditure	(14.1)
Revision for prior periods	1.5
Recognition of previously unrecognised tax losses	17.8
Derecognition of overseas losses	(1.4)
Income tax expense	(64.7)

Global & Australian effective tax rate	Global (\$millions)	Australia (\$millions)
Accounting (loss)/profit before income tax expense	228.6	270.0
Income tax expense	(64.7)	(66.2)
Effective tax rate	28.3%	24.5%

Reconciliation to income tax payable*	31 December 2019 (\$millions)
Profit before income tax expense	270.0
Permanent differences	11.9
Temporary differences	
– Difference in accounting and tax depreciation	(77.3)
– Provisions and accruals	3.9
– Derivatives	29.8
– Exploration deductions	(26.2)
– Leases	(4.2)
– Other	(5.5)
Taxable income before utilisation of carried forward restricted tax losses	202.4
Utilisation of carried forward restricted tax losses	(24.1)
Taxable income after utilisation of carried forward losses	178.3
Australian income tax payable	53.5
PAYG installments to December 2019	(45.0)
Net income tax payable post PAYG installments	8.5

* Figures exclude all foreign jurisdictions due to resulting tax losses in those jurisdictions. Amounts reflect current tax payable in Australia only for the December 2019 income year.

International related party dealings

In addition to the above disclosures, the TTC also requires disclosure of international related party dealings. For the year ended 31 December 2019, OZ Minerals had immaterial dealings with international related parties in Brazil and Peru, limited to the following:

- / The provision of technical services (Brazil and Peru)
- / Intercompany loans to fund exploration and feasibility studies (Brazil and Peru).

Health and wellbeing

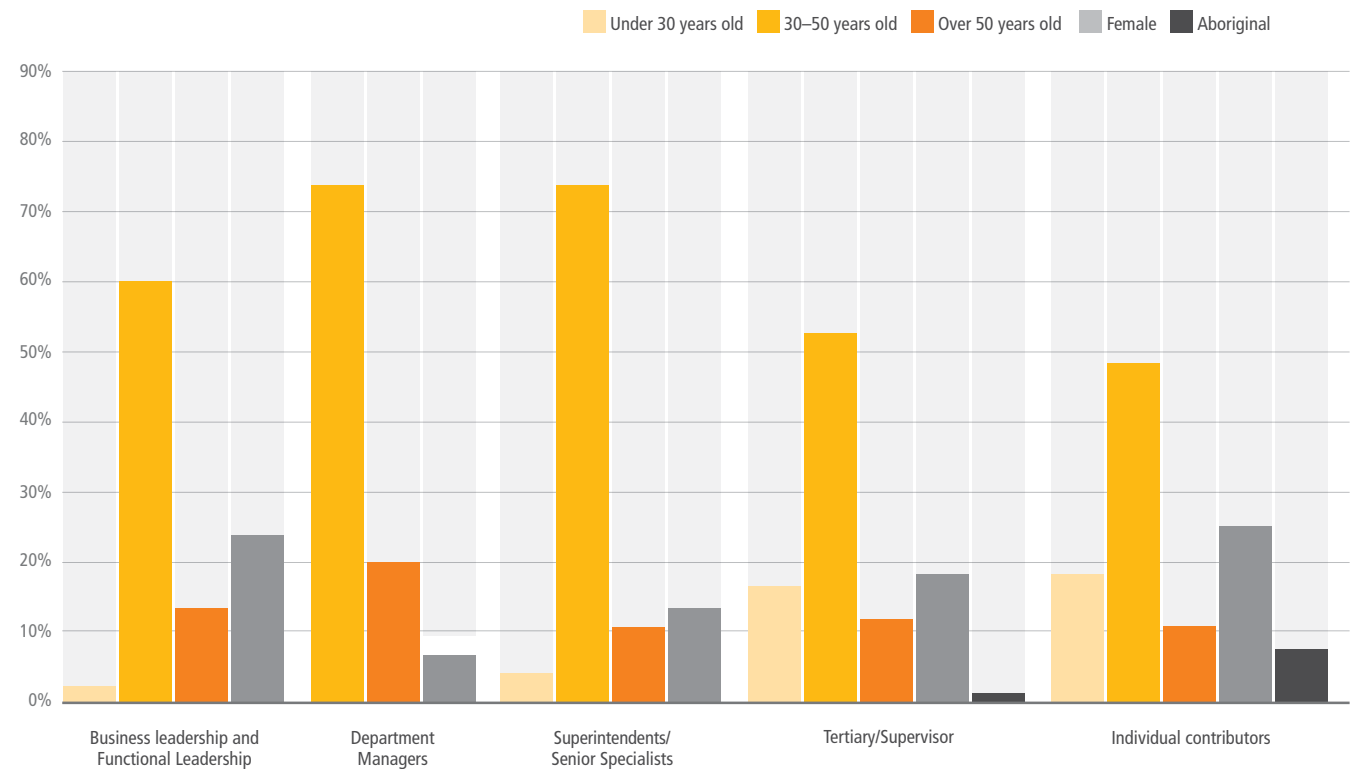
Diversity

Profile 2019	Full time		Part time		Fixed term		Casual		Employees Total	Contractors			Aboriginal Total	Workforce Total
	M	F	M	F	M	F	M	F		M	F	Total		
Australia	405	96	0	5	22	9	7	2	546	2,182	296	2,478	193	3,024
Brazil	170	24	0	0	0	0	0	0	194	0	0	0	0	194
Total	575	120	0	5	22	9	7	2	740	2,182	296	2,478	193	3,218

New employees 2019	Age group <36		Age group 36–55		Age group >55		Total
	M	F	M	F	M	F	
Australia	85	20	95	24	10	3	237
Brazil	22	6	30	0	1	0	59

Turnover 2019	Age group <36		Age group 36–55		Age group >55		Total
	M	F	M	F	M	F	
Australia	6.9%	5.4%	12.2%	14.3%	25.0%	10.0%	10.8%
Brazil	10%	8%	8%	0	0	0	16%

Combined employee diversity at OZ Minerals





Independent Limited Assurance Report to the Directors of OZ Minerals Ltd

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 the GRI Standards for the year ended 31 December 2019.

Information Subject to Assurance

The Selected Sustainability Information, as presented in the 2019 Sustainability Report on pages 70 to 102 of the OZ Minerals Ltd (the "Company") Annual Report 2019 (the "Sustainability Report") and available on OZ Minerals Ltd's website, comprised the following:

Selected Sustainability Information	Value assured
Fatalities	1
Total Recordable Injury Frequency Rate (TRIFR)	7.52
Lost Time Injury Frequency Rate (LTIFR)	1.54
Greenhouse gas emissions Scope 1 (t CO ₂ -e) July 2018 – June 2019	77,271
Greenhouse gas emissions Scope 2 (t CO ₂ -e) July 2018 – June 2019	176,627
Energy consumed (GJ)	2,411,622
Energy produced (GJ)	38,580
Total water withdrawal – sum of Groundwater (mine dewatering) and Groundwater (wellfield) (ML)	7,258
Climate change, energy use and greenhouse gas emissions section of the Sustainability Report presented on pages 81 to 82	Not applicable

Criteria Used as the Basis of Reporting

The criteria used in relation to the Sustainability 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), Prominent Hill and Antas mine sites;
- / walkthroughs of the Selected Sustainability Information to source documentation;



- / agreeing the Selected Sustainability Information included in the Sustainability 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 Report in its entirety to ensure it is consistent with our overall knowledge of the Company.

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 2019, 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

Julia Bilyanska

Julia Bilyanska
Director
18 February 2020

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. Significant increases have been made due to changes in OZ Minerals' portfolio throughout 2019, with the change in reporting for the Carrapateena Mineral Resources and the addition of several new estimates as a result of the integration of the Brazilian assets.

OZ Minerals' Group Mineral Resources are estimated at 9.3 million tonnes of copper and 15 million ounces of gold (1.6Bt @ 0.6% Cu and 0.2g/t Au) up from 4.8 million tonnes of copper and 8.9 million ounces of gold in 2018. Group Ore Reserves are estimated at 2.1 million tonnes of copper and 4.3 million ounces of gold (175Mt @ 1.2% Cu and 0.8g/t Au) in comparison to 2.1 million tonnes of copper and 3.1 million ounces of gold in 2018.

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

Deposit	Release date
Prominent Hill Mineral Resource and Ore Reserve Statement as at 30 June 2019	12-Nov-19
2019 Carrapateena Mineral Resources and Ore Reserves Statement and Explanatory Notes as at 30 June 2019	12-Nov-19
Fremantle Doctor Mineral Resource Statement and Explanatory Notes as at 12 November 2018	12-Nov-18
West Musgrave Project Nebo-Babel Deposits Mineral Resource Statement and Explanatory Notes as at 12 April 2019	12-Apr-19
Antas North 2019 Mineral Resource Statement and Explanatory Notes as at 30 April 2019	11-Jul-19
Pedra Branca 2019 Mineral Resource Statement and Explanatory Notes as at 25 March 2019 and 2019 Ore Reserve Statement and Explanatory Notes as at 15 November 2019	28-Nov-19
CentroGold Mineral Resource Estimate and Ore Reserve Statement as at 6 May 2019 and 24 June 2019	11-Jul-19
CentroGold Resources Increase 45% and Exceeds 1.8 Million Ounces	13-Nov-17

Note: All Mineral Resources and Ore Reserves are estimates. The Mineral Resource and Ore Reserve statements and their accompanying explanatory notes can be viewed in full at: ozminerals.com/operations/resources-reserves/.

Summary of significant changes since 2018

Mining depletion of estimated underground Mineral Resources at Prominent Hill were offset through growth as a result of diamond drilling in the 30 June 2019 update. Similarly, depletion of the Ore Reserves through mining was mostly offset by additional drilling and subsequent design review.

Carrapateena Mineral Resources saw a significant increase primarily due to change of the upper half of the mineralisation assumed to be mineable using a block cave mining method. The Ore Reserves saw a minor increase in tonnes and metal, mainly due to refined mine design.

Antas North has undergone a full year of mining depletion.

There have been no changes to the Mineral Resource estimates of Fremantle Doctor or Chega Tudo throughout 2019.

The joint venture with Cassini Resources continued to progress with OZ Minerals earning 70% ownership of the project and releasing an updated Mineral Resource estimate for Nebo-Babel based on additional drilling. This saw a large amount of Inferred material increase in confidence to Indicated and a reduction in overall tonnes, primarily due to the estimate being confined with a pit shell.

Antas North, Pedra Branca and CentroGold are all now included in the OZ Minerals' Group Mineral Resource and Ore Reserve estimate following integration and internal review.

A recent review of the 2012 stated Antas South Mineral Resource estimate has concluded that there are no longer reasonable prospects of economic extraction and the estimate has been withdrawn.

2019

Mineral Resources

	Measured				Indicated				Inferred				Total						
	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au koz	Ag Moz
Copper																			
Prominent Hill underground	52	1.3	0.6	3	21	0.9	0.9	3	48	1.0	0.7	2	120	1.1	0.7	3	1,300	2,700	11
Prominent Hill surface stocks	7.5	0.6	0.4	2	–	–	–	–	–	–	–	–	7.5	0.6	0.4	2	48	92	1
Carrapateena	137	0.84	0.38	3.0	484	0.66	0.28	3.3	345	0.26	0.13	1.7	965	0.54	0.24	2.7	5,200	7,400	83
Fremantle Doctor	–	–	–	–	–	–	–	–	104	0.7	0.5	3	104	0.7	0.5	3	800	2,400	9
Succoth ^(a)	–	–	–	–	–	–	–	–	160	0.60	–	–	160	0.6	–	–	–	–	–
Antas South	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Antas North	0.28	0.9	0.2	–	1.7	1.1	0.3	–	0.64	1.4	0.5	–	2.6	1.2	0.4	–	30	29	–
Pedra Branca	2.3	1.6	0.48	–	11	1.6	0.44	–	4.8	1.5	0.44	–	19	1.6	0.44	–	–	–	–
Total	200	1.0	0.43	2.9	520	0.7	0.31	3.2	660	0.5	0.24	1.5	1,400	0.6	0.29	2.3	8,600	13,000	100

	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au koz	Ag Moz
	Gold																		
Prominent Hill surface stocks	15	0.10	0.80	2	–	–	–	–	–	–	–	–	15	0.1	0.8	2	17	380	1
CentroGold	–	–	–	–	21	–	1.9	–	7.3	–	1.8	–	28	–	1.9	–	–	1,700	–
Chega Tudo	–	–	–	–	8.2	–	1.6	–	3.1	–	1.5	–	11.3	–	1.6	–	–	577	–
Total	15	0.11	0.78	2	29	–	1.8	–	10	–	1.7	–	54	–	1.5	0.8	17	2,600	1

	Tonnes Mt	Ni %	Cu %	Au g/t	Tonnes Mt	Ni %	Cu %	Au g/t	Tonnes Mt	Ni %	Cu %	Au g/t	Tonnes Mt	Ni %	Cu %	Au g/t	Ni kt	Cu kt	Au Moz
	Nickel																		
Babel ^(a)	–	–	–	–	108	0.33	0.38	0.06	96	0.34	0.38	0.07	204	0.34	0.38	0.06	680	770	0.4
Nebo ^(a)	–	–	–	–	33	0.45	0.40	0.05	1.9	0.36	0.39	0.04	34	0.44	0.40	0.04	150	140	0.05
Total	–	–	–	–	141	0.36	0.38	0.06	98	0.34	0.38	0.06	238	0.35	0.38	0.06	840	910	0.5

^(a) OZ Minerals currently owns 70% of West Musgrave, however the data above is reported on a 100% basis.

2019 Ore Reserves

	Proved				Probable				Total						
	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au koz	Ag Moz
Copper															
Prominent Hill underground	30	1.3	0.6	3	8.9	1.0	0.9	3	39	1.3	0.60	3	490	770	4
Prominent Hill surface stocks	7.5	0.6	0.4	2	–	–	–	–	7.5	0.6	0.40	2	48	92	1
Carrapateena	–	–	–	–	91	1.6	0.67	7.6	91	1.6	0.67	7.6	1,500	1,900	22
Pedra Branca	1.1	1.9	0.6	–	3.9	2.1	0.5	–	5.0	2.1	0.5	–	104	89	–
Total	38	1.2	0.5	3	100	1.6	0.7	6.9	140	1.5	0.60	6	2,100	2,900	27

	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au koz	Ag Moz
	Gold														
Prominent Hill surface stocks	15	0.1	0.8	2	–	–	–	–	15	0.10	0.8	2	17	380	1
CentroGold	–	–	–	–	20	–	1.7	–	20	–	1.7	–	–	1,100	–
Total	15	0.1	0.8	2	20	–	1.7	–	35	0.05	1.3	1	17	1,400	1

Note: OZ Minerals acquired the Pantera option when it acquired Avanco Resources and its Brazilian assets in August 2018; see Avanco's ASX Announcement "Maiden Pantera MRE pushes Avanco's Carajás Resource Base Beyond 1 Mt of Contained Copper" released on 19 March 2018. This estimate is subject to further drilling and review. OZ Minerals' interest in the tenement is subject to the production of a revised Resource by 2021 and OZ Minerals' election to either purchase the tenement or return the title to Vale at that time.

2018 Mineral Resources	Measured				Indicated				Inferred				Total						
	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au koz	Ag Moz
Prominent Hill underground	50	1.3	0.6	3	23	1.1	0.6	3	46	1	0.6	2	119	1.2	0.6	3	1,400	2,200	11
Prominent Hill surface stocks	13	0.8	0.5	2	–	–	–	–	–	–	–	–	13	0.8	0.5	2	110	200	1
Carrapateena	61	1.4	0.6	6	65	1.6	0.6	7	8	0.8	0.4	4	134	1.5	0.6	7	1,970	2,570	28
Fremantle Doctor	–	–	–	–	–	–	–	–	104	0.7	0.5	3	104	0.7	0.5	3	800	3120	10
Succoth ^(b)	–	–	–	–	–	–	–	–	156	0.6	–	–	156	0.6	–	–	943	–	–
Total	124	1.3	0.6	4	88	1.4	0.6	5	314	0.7	0.8	2	526	0.9	0.7	4	5,193	8,060	50

Gold	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au koz	Ag Moz
	Prominent Hill surface stocks	15	0.1	0.8	2	2	–	2.3	1	3	–	2.7	0.7	20	0.1	1.2	2	19	790
Total	15	0.1	0.8	2	2	–	2.3	1	3	–	2.7	0.7	20	0.1	1.2	2	19	790	1

Nickel	Tonnes Mt	Ni %	Cu %	Au g/t	Tonnes Mt	Ni %	Cu %	Au g/t	Tonnes Mt	Ni %	Cu %	Au g/t	Tonnes Mt	Ni %	Cu %	Au g/t	Ni kt	Cu kt	Au Moz
	Babel ^(a)	–	–	–	–	74	0.4	0.4	132	169	0.3	0.4	–	243	0.3	0.4	126	830	935
Nebo ^(a)	–	–	–	–	38	0.5	0.4	211	2	0.4	0.3	–	40	0.5	0.4	200	190	170	–
Total	–	–	–	–	112	0.4	0.4	158	171	0.3	0.4	–	283	0.4	0.4	137	1,020	1,105	–

2018 Ore Reserves	Proved				Probable				Total						
	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au koz	Ag Moz
Prominent Hill underground	28	1.4	0.6	3	12	1.1	0.7	3	40	1.3	0.6	3	530	760	4
Prominent surface stocks	13	0.8	0.5	2	0	0	0	0	13	0.8	0.5	2	110	200	1
Carrapateena	0	0	0	0	79	1.8	0.7	9	79	1.8	0.7	9	1,400	1,800	22
Total	41	1.3	0.5	3	91	1.7	0.7	8	132	1.5	0.7	6	2,040	2,760	27

Gold	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au koz	Ag Moz
	Prominent Hill surface stocks and underground	15	0.1	0.8	2	0	0	0	0	15	0.1	0.8	2	17	380
Total	15	0.1	0.8	2	0	0	0	0	15	0.1	0.8	2	17	380	1

^(a) At time of reporting, OZ Minerals owned 51% of West Musgrave, however the data above is reported on a 100% basis.

Material changes in the Mineral Resource and Ore Reserve estimates

OZ Minerals is not aware of anything that materially affects the information contained in any of the above listed estimates, apart from depletion due to mining in the producing assets. Approximate depletion since the Ore Reserves were last reported to 31 December 2019 is outlined below.

Asset	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Prominent Hill	5.1	1.2	0.5	3
Antas North	0.2	1.1	0.3	–

OZ Minerals released the West Musgrave pre-feasibility study along with an updated Mineral Resource estimate and maiden Ore Reserve estimate on 12 February 2020. Details are available at ozminerals.com/media/west-musgrave-pre-feasibility-study-a-low-carbon-long-life-low-cost-mine/.

Competent Persons' Statements

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 or recognised professional organisation, 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, are entitled to participate in the OZ Minerals Performance Rights Plan, and may participate in an incentive scheme in which replacement of mining depletion at Prominent Hill is one of the performance indicators.

Asset	Estimate	Name	Professional Organisation	Membership Number
Prominent Hill	Mineral Resource	Bruce Whittaker	AusIMM	222853
Prominent Hill	Ore Reserve	Hendric	AusIMM	321723
Carrapateena	Mineral Resource	Stuart Masters	AusIMM	108430
Carrapateena	Ore Reserve	Rodney Hocking	AusIMM	317073
Fremantle Doctor	Mineral Resource	Heather Pearce	AusIMM	109714
AntasNorth	Mineral Resource	Justin Watson	AusIMM	205253
Pedra Branca	Mineral Resource	Colin Lollo	AusIMM	225331
Pedra Branca	Ore Reserve	Ruy Lacourt	SME	4172669RM
Centro Gold	Mineral Resource	Aaron Green	AIG	1719
Centro Gold	Ore Reserve	Adriano Carneiro	AusIMM	319595
Chega Tudo	Mineral Resource	Aaron Green	AIG	1719
Succoth	Mineral Resource	Aaron Green	AIG	1719
Nebo-Babel	Mineral Resource	Mark Burdett	AusIMM	224519

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 70% majority. Mineral Resources for Succoth were undertaken on behalf of Cassini Resources Ltd prior to OZ Minerals reaching 51%. There has been no material change to the Succoth Mineral Resources.

Governance arrangements

OZ Minerals has established Mineral Resource and Ore Reserve processes, which set 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 2019 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 accordance 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
- / review by the Mineral Resource and Ore Reserve Steering Committee
- / 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 2019 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
18 February 2020

Consolidated statement of comprehensive income

	Notes	2019 \$m	2018 \$m
Revenue	1	1,107.0	1,117.0
Other income		0.2	2.8
Mining		(251.5)	(310.1)
Processing		(146.8)	(146.5)
Freight		(80.5)	(72.9)
Site administration		(48.8)	(41.1)
Royalties		(57.6)	(56.3)
Inventory movement		(140.8)	(83.7)
Corporate administration		(50.2)	(29.0)
Exploration and corporate development		(93.9)	(67.2)
Other expenses		(4.5)	(14.2)
Foreign exchange gain/(loss)		0.9	7.2
Profit before interest and income tax		233.5	306.0
Finance income		5.1	12.0
Finance expense		(10.0)	(5.1)
Profit before income tax		228.6	312.9
Income tax	3	(64.7)	(90.5)
Profit for the year attributable to equity holders of OZ Minerals Limited		163.9	222.4
Other comprehensive gain/(loss)			
Items that will not be reclassified subsequently to future Income Statements			
Change in fair value of investments in equity securities, net of tax		(7.6)	(6.7)
Items that may be reclassified subsequently to future to Income Statements			
Cash flow hedges reserve change in fair value		(52.0)	(17.8)
Cash flow hedges reclassified to profit and loss		23.9	–
Foreign operations – foreign currency translation differences		8.9	18.9
Other comprehensive loss for the year, net of tax		(26.8)	(5.6)
Total comprehensive income for the year attributable to equity holders of OZ Minerals Limited		137.1	216.8
		cents	cents
Basic and diluted earnings per share (cents)	2	50.7	71.5

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

Consolidated statement of changes in equity

For the year ended 31 December 2019	Notes	Issued capital \$m	Retained earnings \$m	Cash flow hedge reserve \$m	Treasury shares \$m	Foreign currency translation reserve \$m	Non-controlling interest \$m	Total equity \$m
Balance as at 1 January 2019		2,280.4	638.5	(21.4)	(1.2)	18.9	–	2,915.2
Effect of transition to AASB 16 Leases	23	–	(6.1)	–	–	–	–	(6.1)
Adjusted opening balance		2,280.4	632.4	(21.4)	(1.2)	18.9	–	2,909.1
Total comprehensive income for the year								
Profit for the year		–	163.9	–	–	–	–	163.9
Other comprehensive (loss)/income		–	(7.6)	(28.1)	–	8.9	–	(26.8)
Total comprehensive (loss)/income for the year		–	156.3	(28.1)	–	8.9	–	137.1
Transactions with owners, recorded directly in equity								
Dividends	4	–	(74.3)	–	–	–	–	(74.3)
Share-based payment transactions, net of income tax		–	8.0	–	–	–	–	8.0
Issue of treasury shares		–	(1.2)	–	1.2	–	–	–
Total transactions with owners		–	(67.5)	–	1.2	–	–	(66.3)
Balance as at 31 December 2019		2,280.4	721.2	(49.5)	–	27.8	–	2,979.9
For the year ended 31 December 2018								
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	12,16	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	12,13	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

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

Consolidated balance sheet

At 31 December 2019	Notes	2019 \$m	2018 \$m
Current assets			
Cash and cash equivalents		134.0	505.1
Trade receivables		83.1	70.9
Tax receivable		–	4.9
Inventories	5	238.3	276.8
Prepayments		7.7	6.3
Derivative financial instruments	14	–	17.9
Other receivables		23.4	22.2
Total current assets		486.5	904.1
Non-current assets			
Deferred tax assets	3	7.1	2.5
Inventories	5	299.3	401.6
Exploration assets	8	112.1	78.1
Property, plant and equipment	7	2,696.3	1,999.5
Right-of-use assets	9	176.1	–
Other assets		36.6	57.1
Total non-current assets		3,327.5	2,538.8
Total assets		3,814.0	3,442.9
Current liabilities			
Trade payables and accruals		168.6	145.1
Other payables		8.2	7.1
Current tax provision		5.6	–
Employee benefits		14.5	12.7
Provisions	10	1.0	3.9
Derivative financial instruments	14	60.4	9.3
Loans and borrowings	14	37.8	–
Total current liabilities		296.1	178.1
Non-current liabilities			
Deferred tax liabilities	3	270.1	264.6
Employee benefits		1.7	1.5
Provisions	10	97.4	59.3
Derivative financial instruments	14	22.7	24.2
Loans and borrowings	14	146.1	–
Total non-current liabilities		538.0	349.6
Total liabilities		834.1	527.7
Net assets		2,979.9	2,915.2
Equity			
Issued capital	12	2,280.4	2,280.4
Cash flow hedge reserve		(49.5)	(21.4)
Retained earnings		721.2	638.5
Treasury shares		–	(1.2)
Foreign currency translation reserve		27.8	18.9
Total equity attributable to equity holders of OZ Minerals Limited		2,979.9	2,915.2

Comparative information for exploration assets and Property, plant and equipment were reclassified as per Note 16. 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 2019	Notes	2019 \$m	2018 \$m
Cash flows from operating activities			
Receipts from customers		1,139.9	1,204.1
Payments to suppliers and employees		(492.7)	(550.2)
Payments for exploration and evaluation		(96.5)	(67.6)
Income tax paid		(44.1)	(148.7)
Financing costs		(2.3)	(1.0)
Interest received		6.3	13.0
Net cash inflows from operating activities	6	510.6	449.6
Cash flows from investing activities			
Payment for property, plant and equipment		(737.7)	(426.4)
Exploration assets ^(a)		(26.2)	–
Payment for Avanco, net of cash acquired		–	(183.3)
Net cash outflows from investing activities		(763.9)	(609.7)
Cash flows from financing activities			
Dividends paid to shareholders	4	(74.3)	(67.6)
Payments for loans and borrowings		(47.3)	–
Net cash outflows from financing activities		(121.6)	(67.6)
Net decrease in cash held		(374.9)	(227.7)
Cash and cash equivalents at beginning of the year		505.1	729.4
Effects of exchange rate changes on foreign currency denominated cash balances		3.8	3.4
Cash and cash equivalents at the end of the year		134.0	505.1

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

^(a) In 2018, Exploration assets acquired under Avanco acquisition were included within payments for Avanco.

Notes to the consolidated financial statements

Introduction

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 the development of mining projects.

The Company is a for profit entity and incorporated and domiciled in Australia and limited by shares which are traded on the Australian Securities Exchange. OZ Minerals' registered office is located at 2 Hamra Drive, Adelaide Airport, South Australia 5950, Australia.

The Consolidated Financial Statements of OZ Minerals Limited and its controlled entities for the year ended 31 December 2019:

- / are general purpose financial statements prepared 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 controlled entities of the Company have the functional currency of Australian dollars and US dollars. The financial statements of the Company include consolidation of its subsidiaries referred to in Note 18.
- / 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.

Subsequent to 31 December 2019, the Board of Directors has resolved to pay a final dividend for the 2019 financial year, as discussed in Note 4. There were no other events that occurred subsequent to the reporting date which have significantly affected or may significantly affect the Consolidated Entity's operations or results in future years.

31 December 2018 balances in relation to Exploration assets and Property, plant and equipment associated with an acquisition in the prior year have been reclassified (Note 16), the accounting for which was completed in the current period.

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	Mining and processing underground ore containing copper, gold and silver. The Carrapateena mine which is located in the Gawler Craton of South Australia was constructed during the year and produced first saleable concentrate in December 2019.
Carajás	Mining and processing open pit ore containing copper and gold from the Antas mine and developing the Pedra Branca Mine in the Carajás Hub in Brazil. The Carajás hub generates revenue from the sale of concentrate containing copper and gold to customers in Europe and Asia. The Company is undertaking exploration at Pantera and other projects.
Exploration & development	<p>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, Inversiones Mineras La Chalina S.A.C. and corporate development activities.</p> <p>The Company undertakes its own exploration on tenements around existing operating and development assets including CentroGold.</p>
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.

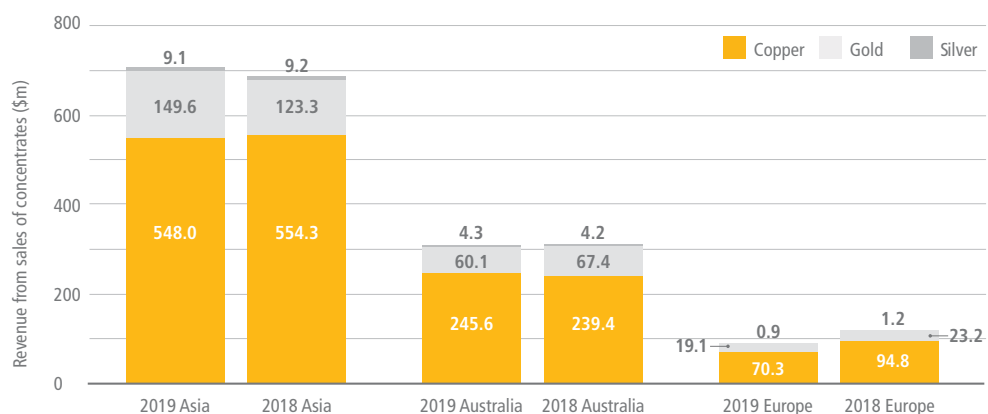
Recognition and measurement of revenue

The Consolidated Entity generates sales revenue primarily from the transfer of concentrate to buyers and in some cases, based on the commercial terms of the contract, delivering it to customers. The performance obligation to transfer concentrate and delivery arises as and when a shipment is agreed with customers against ongoing short and long-term supply contracts. 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 a deduction from the value of metal contained within the concentrate and accordingly are recognised as a deduction from revenue.

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, typically three months. 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 recorded in revenue and generally offsets movement resulting from provisional pricing.

Net revenue by geographical region



Net revenue by product

2019	Prominent Hill	Carajás	Total
Total revenue from sales of concentrates	\$m	\$m	\$m
Copper	808.6	55.3	863.9
Gold	218.1	10.7	228.8
Silver	14.1	0.2	14.3
Total	1,040.8	66.2	1,107.0

2018	Prominent Hill	Carajás	Total
Total revenue from sales of concentrates	\$m	\$m	\$m
Copper	845.3	43.2	888.5
Gold	206.8	7.1	213.9
Silver	14.1	0.5	14.6
Total	1,066.2	50.8	1,117.0

Revenue information presented is based on the location of the customer's operations. Three major customers (2018: Two) who individually accounted for more than 10% of total revenue contributed approximately 81% of total revenue (2018: 64%).

Segmental financial information

	Prominent Hill \$m	Carrapateena \$m	Carajás \$m	Exploration & development \$m	Corporate \$m	Consolidated \$m
31 December 2019						
Revenue	1,040.8	–	66.2	–	–	1,107.0
Cost of goods sold ^(a)	(481.4)	–	(50.1)	–	–	(531.5)
Underlying EBITDA ^(b)	587.4	(21.1)	5.0	(72.3)	(36.6)	462.4
Net depreciation and amortisation	(207.2)	–	(9.4)	–	(12.3)	(228.9)
Capital expenditure	105.8	596.5	9.9	–	24.1	736.3
Property, plant & equipment	717.8	1,385.0	219.9	332.0	41.6	2,696.3
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
Net depreciation and amortisation	(201.4)	–	(23.5)	–	(3.6)	(228.5)
Capital expenditure	77.4	335.0	4.1	7.0	9.9	433.4
Property, plant & equipment ^(c)	671.6	763.2	214.3	328.4	22.0	1,999.5

^(a) Cost of goods sold does not include net depreciation and amortisation, Net realisable value adjustments (Prominent Hill \$38.3 million increase, Brazil \$10 million decrease) and corporate cost allocations (Prominent Hill \$8.2 million, Brazil \$2.5 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 Earnings before interest tax, depreciation and amortisation (EBITDA) and underlying EBIT. These measures are presented to enable an understanding of the underlying performance of the Consolidated Entity and are consistent with the information the Consolidated Entity's chief operating decision makers use to assess the underlying performance of the business and make resource allocations.

^(c) Property plant and equipment 2018 balances restated due to finalisation of fair values recognised in the balance sheet as at 31 December 2018 previously accounted for on a provisional basis, refer to Note 16.

Reconciliation of consolidated underlying EBITDA to profit after tax	31 December 2019 \$m	31 December 2018 \$m
Underlying EBITDA ^(a)	462.4	540.4
Non-underlying expense ^(b)	–	(5.9)
Depreciation	(114.9)	(148.3)
Other assets amortisation	(6.5)	–
Capitalised depreciation into inventory/(unwind)	(107.5)	(80.2)
Earnings before finance income and tax	233.5	306.0
Net finance income/(expense)	(4.9)	6.9
Profit before tax	228.6	312.9
Tax expense	(64.7)	(90.5)
Profit for the year attributable to equity holders of OZ Minerals Limited	163.9	222.4

^(a) Underlying EBITDA includes Net realisable value adjustments for Prominent Hill \$38.3 million increase and Brazil \$10 million decrease (FY 2018: \$25.0 million). It also includes corporate and exploration expense of \$140 million (FY 2018: \$109.3 million), Other income \$0.2 million (FY 2018: \$2.8 million), Other expense \$4.5 million (FY 2018: \$14.2 million) and foreign exchange gain of \$0.9 million (FY 2018: \$7.2 million).

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

Net Depreciation and amortisation expense for the year	31 December 2019 \$m	31 December 2018 \$m
Mining	72.5	108.2
Processing	26.0	27.2
Site and corporate administration	22.9	12.9
Unwind/(capitalised) depreciation into inventory	107.5	80.2
Total depreciation and amortisation expense	228.9	228.5

The total employee benefits expense for 2019 was \$81.7 million (2018: \$59.8 million).

2. Earnings per share

	2019	2018
Basic and diluted earnings per share – cents	50.7	71.5
Inputs used in calculating basic and diluted earnings per share – \$ millions		
Profit after tax	163.9	222.4
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	323,431,247	311,168,127

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 in Australia and of the 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 probable of being accepted by the relevant tax authorities. 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	2019 \$m	2018 \$m
Current income tax expense	(54.6)	(43.9)
Deferred income tax expense	(10.1)	(46.6)
Income tax expense	(64.7)	(90.5)

Reconciliation of income tax expense to pre-tax profit	2019 \$m	2018 \$m
Profit before income tax	228.6	312.9
Income tax expense at the Australian tax rate of 30%	(68.6)	(93.9)
Adjustments:		
Variation in overseas tax	0.1	1.8
Non-deductible expenditure	(14.1)	(1.4)
Revision for prior periods	1.5	(0.2)
Recognition of previously unrecognised tax losses	17.8	7.4
Derecognition of overseas losses	(1.4)	(4.2)
Income tax expense	(64.7)	(90.5)

Unrecognised tax losses

A review of unrecognised tax losses was undertaken during the year and as a result, the Group changed its estimate of the probability that future taxable profits will be available against which unused tax losses can be utilised and additional restricted tax losses of \$17.8 million tax effected (2018: \$7.4 million) were recognised on the balance sheet. Australian restricted tax losses of \$152.9 million tax effected (31 December 2018: \$170.7 million) remain unrecognised at 31 December 2019. Capital tax losses of \$595.0 million tax effected (2018: \$595.0 million tax effected) remain unrecognised at 31 December 2019.

Deferred tax assets	31 December 2018 \$m	Recognised in income statement \$m	Recognised in equity \$m	31 December 2019 \$m
Unrestricted tax losses	–	4.7	–	4.7
Restricted tax losses	34.1	10.3	–	44.4
Lease liability	–	39.8	15.4	55.2
Provisions and accruals	14.2	1.5	–	15.7
Derivative financial instruments	4.6	9.0	11.3	24.9
Other	8.1	0.2	–	8.3
Total deferred tax assets	61.0	65.5	26.7	153.2
Less offset against deferred tax liabilities	(58.5)	(60.9)	(26.7)	(146.1)
Net deferred tax assets	2.5	4.6	–	7.1

Deferred tax liabilities	31 December 2018 \$m	Recognised in income statement \$m	Recognised in equity \$m	31 December 2019 \$m
Inventories	(4.8)	0.2	–	(4.6)
Exploration assets	(4.8)	(8.7)	(0.2)	(13.7)
Property plant and equipment	(309.6)	(26.2)	(4.4)	(340.2)
Right-of-use assets	–	(41.1)	(12.9)	(54.0)
Provisions and accruals	(3.9)	0.2	–	(3.7)
Total deferred tax liabilities	(323.1)	(75.6)	(17.5)	(416.2)
Less offset against deferred tax assets	58.5	60.9	26.7	146.1
Net deferred tax liabilities	(264.6)	(14.7)	9.2	(270.1)

Deferred tax assets	31 December 2017 \$m	Recognised in income statement \$m	Recognised in equity \$m	Acquisition of Avanco \$m	31 December 2018 \$m
Restricted tax losses	32.5	1.6	–	–	34.1
Provisions and accruals	11.7	0.6	–	1.9	14.2
Derivative financial instruments	6.6	(10.3)	8.3	–	4.6
Other	13.2	(5.2)	0.1	–	8.1
Total deferred tax assets	64.0	(13.3)	8.4	1.9	61.0
Less offset against deferred tax liabilities	(64.0)	13.9	(8.4)	–	(58.5)
Net deferred tax assets	–	0.6	–	1.9	2.5

Deferred tax liabilities	31 December 2017 \$m	Recognised in income statement \$m	Recognised in equity \$m	Acquisition of Avanco \$m	31 December 2018 \$m
Inventories	(4.7)	(0.1)	–	–	(4.8)
Exploration assets	–	(1.2)	–	(3.6)	(4.8)
Property plant and equipment	(105.4)	(32.8)	(6.4)	(165.0)	(309.6)
Provisions and accruals	(1.3)	0.8	–	(3.4)	(3.9)
Total deferred tax liabilities	(111.4)	(33.3)	(6.4)	(172.0)	(323.1)
Less offset against deferred tax assets	64.0	(13.9)	8.4	–	58.5
Net deferred tax liabilities	(47.4)	(47.2)	2.0	(172.0)	(264.6)

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

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 resolved on 18 February 2020 to pay a fully-franked dividend of 15 cents per share. The record date for entitlement to this dividend is 12 March 2020. The financial impact of the dividend amounting to \$48.6 million has not been recognised in the Consolidated Financial Statements for the year ended 31 December 2019 and will be recognised in subsequent consolidated financial statements.

The details in relation to dividends announced or paid since 1 January 2018 are set out below:

Record date	Date of payment	Fully franked cents per share	Total dividends \$m
12 March 2020	26 March 2020	15	48.6
3 September 2019	17 September 2019	8	25.9
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

5. Inventories

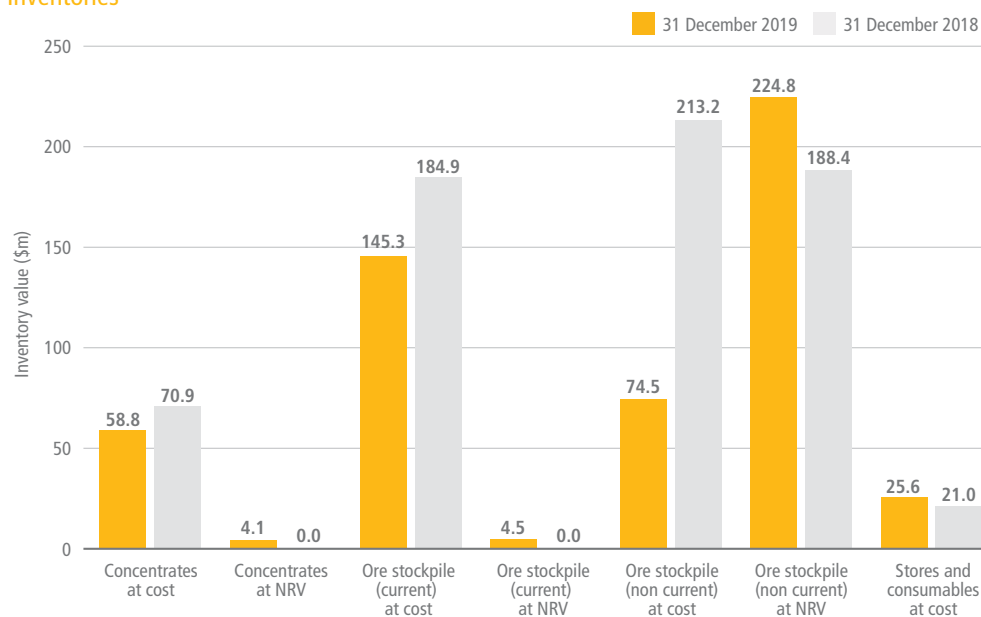
NET REALISABLE VALUE OF INVENTORIES

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 model 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.

Inventories



	2019 \$m	2018 \$m
Concentrates – at cost	58.8	70.9
Concentrates – at net realisable value	4.1	–
Ore stockpile – at cost	145.3	184.9
Ore stockpile – at net realisable value	4.5	–
Stores and consumables – at cost	25.6	21.0
Inventories – current	238.3	276.8
Ore stockpile – non-current at cost	74.5	213.2
Ore stockpile – non-current at net realisable value	224.8	188.4
Inventories – non-current	299.3	401.6
Total inventories	537.6	678.4

An assessment of the NRV of ore stockpiles and concentrates resulted in an adjustment to increase the net value of inventory by \$28.3 million in 2019 (2018: \$25.0 million). The increase is mainly a reversal of previous net realisable value write downs.

Recognition and measurement of inventories

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.

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.

	2019 \$m	2018 \$m
Profit after tax for the year	163.9	222.4
Adjustments for:		
Depreciation and amortisation	98.1	148.3
Lease amortisation	23.3	1.8
Foreign exchange loss on cash balances	(3.8)	(3.4)
Share based payments	8.0	4.7
Other items	0.4	3.9
Change in assets and liabilities:		
Trade and other receivables	(13.4)	46.8
Prepayments & other assets	19.1	(34.7)
Inventories	140.8	83.7
Trade and other payables	26.3	35.1
Provision for employee benefits	2.0	(1.9)
Provision for demobilisation and other provisions	4.0	5.9
Derivative financial instruments	30.5	(0.7)
Net current and deferred tax liability	11.4	(62.3)
Net cash inflow from operating activities	510.6	449.6

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

31 December 2019	Plant and equipment \$m	Mine property and development \$m	Freehold land and buildings \$m	Mineral rights \$m	Capital work in progress \$m	Total \$m
At cost	1,679.0	2,165.8	248.7	479.6	664.8	5,237.9
Accumulated depreciation and impairment losses	(939.9)	(1,455.4)	(146.3)	–	–	(2,541.6)
Closing carrying amount	739.1	710.4	102.4	479.6	664.8	2,696.3
Reconciliation of carrying amounts						
Opening carrying amount at 1 January 2019 ^(a)	360.2	316.5	56.1	474.4	792.3	1,999.5
Additions and transfers	425.5	424.6	59.2	–	(127.5)	781.8
Depreciation	(47.5)	(31.0)	(13.1)	–	–	(91.6)
Foreign currency exchange differences	0.9	0.3	0.2	5.2	–	6.6
Closing carrying amount at 31 December 2019	739.1	710.4	102.4	479.6	664.8	2,696.3
31 December 2018						
At cost	1,252.6	1,740.9	189.3	474.4	792.3	4,449.5
Accumulated depreciation and impairment losses	(892.4)	(1,424.4)	(133.2)	–	–	(2,450.0)
Closing carrying amount	360.2	316.5	56.1	474.4	792.3	1,999.5
Reconciliation of carrying amounts						
Opening carrying amount at 1 January 2018	313.5	330.1	60.9	–	471.3	1,175.8
Acquisition through business combination ^(b)	66.0	19.3	–	455.2	–	540.5
Additions and transfers including deferred mining	32.5	54.6	1.5	–	321.0	409.6
Depreciation expense	(54.0)	(88.0)	(6.3)	–	–	(148.3)
Foreign currency exchange differences ^(b)	2.2	0.5	–	19.2	–	21.9
Closing carrying amount at 31 December 2018	360.2	316.5	56.1	474.4	792.3	1,999.5

^(a) Opening balances restated as purchase price allocations in relation to the Avanco acquisition were finalised and recognised in the balance sheet as at 31 December 2018. Refer to Note 16.

^(b) Acquisition through business combinations and associated foreign currency exchange differences have been restated upon completion of purchase price allocations at fair value and exploration assets of \$75.0 million have been recognised as at acquisition date. See Note 8 for further details.

Depreciation was \$91.6 million for the year compared to \$148.3 million in 2018. Depreciation expense decreased primarily due to the closure of the Prominent Hill open pit in the first quarter of 2018 which was partly offset by the depreciation charges associated with the addition of the Antas open pit mine.

The mineral rights balance at 31 December 2019 of \$479.6 million is attributable to the Carajás province (\$147.6 million) and the Gurupi province (\$332.0 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.

As at the reporting date, OZ Minerals had not reached the specified performance milestones to recognise a liability on the balance sheet for these further payments.

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 that 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 occur 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.

Mineral rights comprise identifiable mineral resources and ore reserves which are acquired as part of a business combination and are recognised at fair value at date of acquisition. Mineral rights are subsequently reclassified as mine property and development once mine development commences.

Mine property and development assets include costs transferred from exploration and evaluation assets and mineral rights once technical feasibility and commercial viability of an area of interest are demonstrated. After transfer, all subsequent expenditures to develop the mine to the production phase and 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 the development of the asset prior to it 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, rehabilitation, restoration and dismantling of assets after its use is included in the cost of the respective asset if the recognition criteria for a provision is met including revision to the expected cost.

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 the 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.

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; 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 units of ore available for extraction over which property, plant and equipment is depreciated.

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, Carajas and Gurupi 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.

When the Group reviewed impairment indicators, consideration was also 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 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.

8. Exploration assets

CARRYING VALUE OF CAPITALISED EXPLORATION EXPENDITURE

The accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In the event future economic benefits are unlikely or a reasonable assessment of the existence or otherwise of economic reserves is not possible, an impairment test may be required which may result in an adjustment to the carrying value of capitalised exploration expenditure.

The ultimate recoupment of costs capitalised for exploration and evaluation phases is dependent on successful development and commercial exploitation or sale of the respective area of interest.

Exploration Assets	2019 \$m	2018 \$m
Opening balance at 1 January	78.1	–
Acquired during the year	–	75.0
Additions during the year	26.2	–
Transferred from Other assets	6.9	–
Foreign currency exchange difference	0.9	3.1
Closing balance 31 December	112.1	78.1

Acquisition through business combinations and associated foreign currency exchange differences have been restated upon completion of purchase price allocations at fair value and exploration assets of \$75.0 million have been recognised as at acquisition date. Exploration assets of \$6.9 million were included in other assets in prior year.

Recognition and measurement of exploration expenditure

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

Exploration and evaluation assets are classified as tangible according to the nature of the assets. Exploration and evaluation assets are not depreciated and are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. A Cash Generating Unit (CGU) is not larger than the area of interest. Once the technical feasibility and commercial viability of the extraction of mineral reserves in an area of interest are demonstrated, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property and development assets within property, plant and equipment.

From time to time the Consolidated Entity enters into arrangements which enable it to secure the opportunity to explore and potentially earn the right to mineralisation if discovered on underlying exploration tenements held by other entities (earn-in arrangements). Under the agreements, OZ Minerals does not assume any liabilities or hold any rights to other assets that the holder of the tenement may possess. Expenditure is accounted for under OZ Minerals accounting policy for exploration and evaluation expenditure.

9. Right-of-use assets

	Property \$m	Plant & equipment \$m	31 December 2019 Total \$m
Recognised upon transition to AASB 16 at 1 January 2019	5.1	89.2	94.3
Additions to right -of-use assets	1.8	122.3	124.1
Derecognition during the year	–	(1.6)	(1.6)
Depreciation charge for the year	(0.7)	(22.6)	(23.3)
Depreciation capitalised to capital work in progress during the year	–	(17.4)	(17.4)
Closing carrying amount at 31 December 2019	6.2	169.9	176.1

The right-of-use (ROU) assets include office space, mining equipment leases contained in mining service contracts, and powerline infrastructure.

Recognition and measurement of right-of-use assets

AASB 16 eliminates the distinction between operating and finance leases and brings all leases (other than short term and low value leases) onto the balance sheet. As a lessee, the Consolidated Entity 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. Short term and low value leases are expensed in the consolidated statement of comprehensive income on a straight-line basis over the life of the lease.

The Group recognises a right-of-use (ROU) asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (present value of the lease liability, deemed cost of acquiring the asset and restoration or make good cost), and subsequently at cost less any accumulated depreciation, impairment losses and adjustments for remeasurement of the lease liability. The ROU assets are depreciated over the life of the lease which generally ranges between 1 to 20 years. The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The lease liability is further remeasured if the estimated future lease payments change as a result of index or rate changes, residual value guarantees or the likelihood of exercising purchase, extension or termination options.

EXTENSION AND RENEWAL OF LEASE

The Consolidated Entity has applied judgement to determine the lease term for lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the measurement of lease liabilities and right-of-use assets recognised.

Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group also reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the available extension options, would result in an increase in the lease liability amount of \$16.9 million.

10. 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.

	2019 \$m	2018 \$m
Current		
Other provisions	1.0	3.9
Total current provisions	1.0	3.9
Non-current		
Other provisions	9.6	12.4
Mine rehabilitation	87.8	46.9
Total non-current provisions	97.4	59.3
Total provisions	98.4	63.2
Aggregate		
Other provisions	10.6	16.3
Mine rehabilitation	87.8	46.9
Total provisions	98.4	63.2
Reconciliation of provisions		
	Mine rehabilitation provision	
Opening carrying amount		46.9
Unwind of discount		3.6
Provisions utilised		–
Provisions increase/(decrease)		37.3
Closing carrying amount		87.8

11. Commitments

The Consolidated Entity has entered into an agreement with ElectraNet for the transmission of power and the build, own, operation and maintenance of electricity transmission infrastructure to Carrapateena and Prominent Hill. The total future commitment for these arrangements is \$538.9 million. Once electricity infrastructure construction is completed it is expected that a right of use asset and lease liability will be recognised.

In addition, the Consolidated Entity has entered into various contracts with suppliers for the construction of the Carrapateena and Carajás mines and sustaining mine development at the Prominent Hill, Carrapateena and Carajás mines. The total capital expenditure commitment in relation to these contracts as at 31 December 2019 was \$707.3 million (2018: \$303.0 million), of which \$207.5 million is expected to be incurred in 2020.

Contributed equity

12. Issued capital

	2019 \$m	2018 \$m
323,874,831 shares (2018: 322,899,831 shares)	2,280.4	2,280.4

Share capital movement

31 December 2019	Number of shares	Share capital \$m
Opening balance at 1 January	322,899,831	2,280.4
Shares issued on 16 January	975,000	— ^(a)
Closing balance as at 31 December	323,874,831	2,280.4

^(a) The increase in equity associated with employee share plan is accounted for as set out in Note 13. Shares granted are valued on grant date and accounted under share-based payment expense.

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

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 within 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.

13. Share-based payments

The total expense arising from share-based payment transactions recognised during the year as part of employee benefit expenses was \$8.0 million (2018: \$4.7 million). A description of OZ Minerals' principal performance rights plans (PRP) and long term incentive plans (LTIP) is provided below.

Element	Performance rights granted under PRP	Performance rights granted under LTIP																				
Performance period	2019: 1 July 2019 to 1 July 2020 2018: 1 July 2018 to 1 July 2019 2017: 1 July 2017 to 1 July 2018	2019: 1 January 2019 to 31 December 2021 2018: 1 January 2018 to 31 December 2020 2017: 1 January 2017 to 31 December 2019																				
Service period	2019: 1 July 2019 to 1 July 2020 2018: 1 July 2018 to 1 July 2019 2017: 1 July 2017 to 1 July 2018	2019: 1 January 2019 to 31 December 2021 2018: 1 January 2018 to 31 December 2020 2017: 1 January 2017 to 31 December 2019																				
Vesting conditions	Percentage vesting based on individual performance against Key Performance Indicators	<p>1. Total shareholder return (TSR) TSR performance measured Comparator Group</p> <table border="1"> <thead> <tr> <th>Comparator Group</th> <th>Percentage of vesting</th> </tr> </thead> <tbody> <tr> <td>Less than 50th percentile</td> <td>Nil</td> </tr> <tr> <td>50th percentile</td> <td>50%</td> </tr> <tr> <td>Between the 50th and 75th percentile</td> <td>Straight-line vesting between 50% and 100%</td> </tr> <tr> <td>75th percentile or greater</td> <td>100%</td> </tr> </tbody> </table> <p>2. All-In Sustaining Costs (AISC)^(a) OZ Minerals AISC over the performance period</p> <table border="1"> <thead> <tr> <th>OZ Minerals AISC over the performance period</th> <th>Percentage of vesting</th> </tr> </thead> <tbody> <tr> <td>Above 50th percentile</td> <td>Nil</td> </tr> <tr> <td>50th percentile</td> <td>50%</td> </tr> <tr> <td>Between 50th percentile and 25th percentile (Lowest cost)</td> <td>Straight line vesting between 50% and 100%</td> </tr> <tr> <td>25th percentile or below</td> <td>100%</td> </tr> </tbody> </table>	Comparator Group	Percentage of vesting	Less than 50th percentile	Nil	50th percentile	50%	Between the 50th and 75th percentile	Straight-line vesting between 50% and 100%	75th percentile or greater	100%	OZ Minerals AISC over the performance period	Percentage of vesting	Above 50th percentile	Nil	50th percentile	50%	Between 50th percentile and 25th percentile (Lowest cost)	Straight line vesting between 50% and 100%	25th percentile or below	100%
Comparator Group	Percentage of vesting																					
Less than 50th percentile	Nil																					
50th percentile	50%																					
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OZ Minerals AISC over the performance period	Percentage of vesting																					
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50th percentile	50%																					
Between 50th percentile and 25th percentile (Lowest cost)	Straight line vesting between 50% and 100%																					
25th percentile or below	100%																					
Exercise price		Nil																				

^(a) 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. The 2019 LTI Plan was set on TSR and All-In Sustaining Costs, 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 %	Expected dividends %	Risk-free interest rate %
Performance rights granted under the LTIP					
1 January 2019					
MD & CEO Tranche One (70%)	6.2	9.2	31.0	2.5	1.1
MD & CEO Tranche Two (30%)	8.6	9.2	31.0	2.5	1.1
Other KMP Tranche One (70%)	6.2	9.2	31.0	2.5	1.1
Other KMP Tranche Two (30%)	8.6	9.2	31.0	2.5	1.1
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
Performance rights granted under the PRP					
1 July 2019	9.9	10.3	28.0	2.2	1.0
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

Performance rights

The movement in the number of performance rights during the year

	2019 Number	2018 Number
Opening balance	2,047,737	2,006,254
Rights granted	1,209,771	1,011,190
Rights vested	(955,377)	(762,005)
Rights forfeited	(116,748)	(207,702)
Closing balance	2,185,383	2,047,737

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 KPI, 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

14. Financial risk management

OZ Minerals' Group Treasury Function (Group Treasury) evaluates and manages financial risks for the Group 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 commodity markets, financial markets, counterparty credit risk 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
- / counterparty 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
Investments in equity securities	Trade receivables Derivative financial instruments	Cash and cash equivalents ^(a) Other receivables ^(a) Trade payables ^(a) Other payables ^(a) Lease liabilities

^(a) 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 1. 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 90 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 or part of it expires 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 is recognised for any expected credit loss for the lifetime of the financial asset, accounted for at amortised cost or fair value through other comprehensive income. Credit losses are measured on the present value of all cash shortfalls between the cash flows due to the entity in accordance with the contract and the expected cash flows.

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. Lease liabilities are recognised at net present value and reduced by the actual payment made (refer Note 9).

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.

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 reversal is recognised in the income statement.

Derivative financial instruments

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 unless the derivative is designated as a hedging instrument in a hedge relationship.

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 a derivative financial instrument, which has been designated in a cashflow hedge relationship, will be recognised in other comprehensive income to the extent the hedging relationship remains effective and the underlying hedge item has not been recognised in the income statement, or will be 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 will be 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

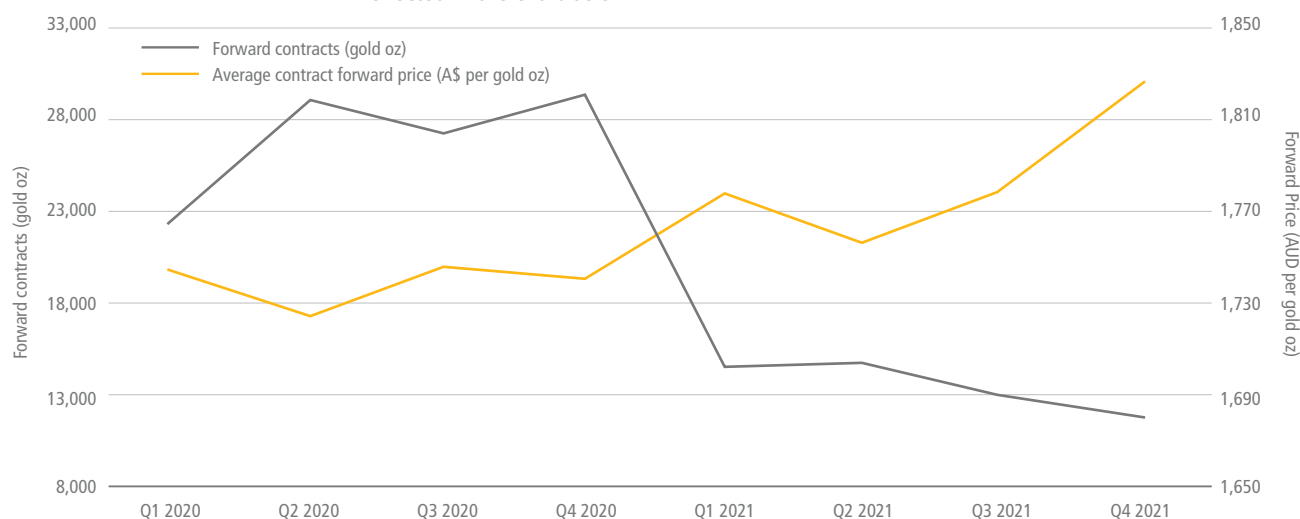
The Consolidated Entity is exposed to commodity price volatility on the sale of metal in concentrates such as copper and gold, which are priced on, or benchmarked to, open market exchanges.

During the 2019 financial year, OZ Minerals aimed to realise the forward copper price at the time of shipment of concentrates to customers, that matched the quotation period of the underlying sale.

Gold derivative contracts

OZ Minerals has entered into gold forward contracts to fix the price in AUD of around 38% of forecast sales (gold oz.) in the period from 2020 to 2021 and around 38% of the gold contained in stockpiles at 31 December 2019.

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 \$52.0 million was recognised in other comprehensive loss and \$23.9 million was transferred out of Cash flow hedge reserve to profit and loss during 2019. At 31 December 2019, contracts for 162,450 ounces of gold were outstanding with an average strike price of \$1,753 per ounce, as reflected in the chart below:



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

During the financial year, the Consolidated Entity managed its exposure to copper price volatility between revenue recognition and contractual quotation pricing by entering into copper derivative contracts at the time of concentrate sales. The copper derivative contracts fix the forward price at the time of sale. These derivative contracts are designated as hedges and are recognised within the income statement as part of revenue.

Commodity price sensitivity analysis

The analysis below reflects the impact of movements in gold prices. Variations in silver prices have been deemed immaterial for the purpose of this analysis. 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
2019				
Trade receivables	1.2	–	(1.2)	–
Gold hedges (FECs)	–	(35.5)	–	35.5
Total	1.2	(35.5)	(1.2)	35.5
2018				
Trade receivables	0.9	–	(0.9)	–
Gold hedges (FECs)	–	(44.8)	–	44.8
Total	0.9	(44.8)	(0.9)	44.8

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 a \$1.2 million after tax impact in the income statement on the trade receivables balance of \$83.1 million (2018: \$70.9 million) and has a \$35.5 million after tax impact on the derivative financial liability of \$70.6 million (2018: \$15.6 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 (primarily USD and Brazilian Real).

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 and considers 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.

All exchange differences that arise on translating results and the financial position of all entities within the Consolidated Entity that have a functional currency different from the presentation currency are recognised as a separate component of equity in the foreign currency translation reserve. When a foreign operation is sold a proportionate share of such exchange differences is recognised in the Income Statement as part of the gain or loss on sale where applicable.

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 their currency risk exposure at the reporting date are disclosed below.

	Denominated in US\$ presented in A\$m	Other currencies presented in A\$m	Total A\$m
2019			
Cash and cash equivalents	25.2	6.5	31.7
Trade receivables	82.7	–	82.7
Trade payables	(0.3)	(12.6)	(12.9)
Derivative financial instruments	(83.1)	–	(83.1)
Total	24.5	(6.1)	18.4
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

Exchange rates during the year

	Average rate		31 December spot rate	
	2019	2018	2019	2018
AUD:USD	0.6952	0.7479	0.7006	0.7058
AUD:BRL	2.7421	2.7428	2.8239	2.7319

At reporting date, if the foreign currency exchange rates strengthened/(weakened) against the functional currency by 5% and all other variables were held constant, the Consolidated Entity's after tax profit would have changed by \$3.8 million and other comprehensive income would have changed by \$2.9 million (2018: \$0.5 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 5% change in the foreign currency rate.

Interest rate risk management and sensitivity analysis

The Consolidated Entity did not have any debt as at 31 December 2019 and therefore is not exposed to interest rate risk on borrowings. However, loans and borrowings include lease liabilities recognised under AASB 16 which are subject to discounting. 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, investment of cash and derivative financial instruments.

The credit risk on cash and cash equivalents and derivative financial instruments is managed by restricting financial transactions to relationship banks which have Board approved exposure limits and a minimum credit rating assigned by an internationally recognised credit rating agency.

Credit risk in trade receivables is managed by restricting trade credit to Board approved exposure limits with customers that have a minimum credit rating or trade credit that is secured by a letter of credit from a bank with an acceptable credit rating.

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% of the estimated value of each sale either promptly after vessel loading or upon the vessel arriving at the discharge port.

Maximum exposure to credit risk for trade receivables at the reporting date by customer geographic region

	2019 \$m	2018 \$m
Europe	0.2	7.2
Asia	73.5	44.6
Australia	9.4	19.1
Total	83.1	70.9

Three major customers (2018: two) who individually accounted for more than 10% of total revenue contributed approximately 81% of total revenue (2018: 64%). These customers also represent 94% of the trade receivables balance as at 31 December 2019 (2018: 88%). There were no instances of customer default during 2019 and there are no significant receivables which are past due at the reporting date.

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, the maturity profiles of term deposits and maintaining committed available bank credit 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 other obligations the respective undiscounted cash flows for the upcoming financial years are presented.

Contractual cashflows						
	Carrying amount	Less than 1 year	1–2 years	2–5 years	>5 years	Total
2019						
Non-derivative financial instruments						
Cash and cash equivalents	134.0	134.0	–	–	–	134.0
Trade receivables	83.1	83.1	–	–	–	83.1
Other receivables	23.4	23.4	–	–	–	23.4
Trade payables	(168.6)	(168.6)	–	–	–	(168.6)
Lease liabilities	(183.9)	(43.0)	(27.5)	(68.0)	(82.8)	(221.3)
Derivative financial instruments						
Derivative financial liabilities	(83.1)	(60.4)	(22.7)	–	–	(83.1)
Total	(195.1)	(31.5)	(50.2)	(68.0)	(82.8)	(232.5)
2018						
Non-derivative financial instruments						
Cash and cash equivalents	505.1	505.1	–	–	–	505.1
Trade receivables	70.9	70.9	–	–	–	70.9
Other receivables	28.6	28.6	–	–	–	28.6
Trade payables	(145.1)	(145.1)	–	–	–	(145.1)
Derivative financial instruments						
Derivative financial asset	17.9	17.9	–	–	–	17.9
Derivative financial liabilities	(33.5)	(9.3)	(16.6)	(7.6)	–	(33.5)
Total	443.9	468.1	(16.6)	(7.6)	–	443.9

Loans and Borrowings

The consolidated entity recognised lease liabilities for right-of-use (ROU) assets under AASB 16 for the first time as at 1 January 2019 and subsequently any new ROU lease contracts as they have been entered into. When lease contracts are terminated or altered, the unpaid lease liability and net carrying value of ROU assets is derecognised.

	Other borrowings 2019 \$m	Lease liabilities 2019 \$m	Total 2019 \$m
Opening balance 1 January 2019	–	–	–
Lease liabilities recognised on transition to AASB 16 "Leases"	–	105.2	105.2
Bank overdraft facilities	3.7	–	3.7
Lease recognised during the period	–	124.1	124.1
Accretion of interest	–	1.5	1.5
Lease terminations during the period	–	(1.8)	(1.8)
Repayment during the period	(3.7)	(45.1)	(48.8)
Closing balance at 31 December 2019	–	183.9	183.9

	Current \$m	Non-current \$m	Total \$m
Closing balance at 31 December 2019	37.8	146.1	183.9

The Consolidated Entity had access to the following borrowing facilities which were undrawn at the end of the year:

	Expires on	Security	2019 A\$m	2018 A\$m
Revolving facility	April, 2022	Unsecured	300.0	100.0

During the period the Consolidated Entity entered into a committed, unsecured three year \$300 million revolving credit facility with a syndicate of banks to support funding of its growth strategy and working capital requirements. In addition, the Consolidated Entity entered into bank guarantee facilities for a total of \$450 million. Details of guarantees provided are set out in Note 15.

15. 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 and 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 financial 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 \$369.2 million as at 31 December 2019 (31 December 2018: \$209.1 million) and are issued under bilateral bank facilities that are rolled forward each twelve months.

Deeds of indemnity

The Consolidated Entity has granted indemnities under deeds of indemnity with current and former executive and non-executive directors, current and former officers, the former General Counsel–Special Projects, former Group Treasurers 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 Consolidated Entity 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 2019.

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 OZ Minerals' or the Consolidated Entity's financial position.

Group structure and other information

16. Subsidiary acquisition

OZ Minerals acquired 100% of Avanco Resources Limited's (Avanco) shares in 2018 and initially recognised all the acquired assets and liabilities of Avanco at their fair values or provisional fair values as disclosed in the 31 December 2018 annual report. Subsequently the Company conducted detailed valuations of the assets and liabilities acquired as at the acquisition date which resulted in a change of classification of exploration assets and property, plant and equipment. The fair value of net assets acquired remains unchanged.

	Note	Provisional fair value recognised \$m	Fair value adjustment \$m	Final fair value \$m
Cash and cash equivalents		39.1	–	39.1
Trade receivables		1.6	–	1.6
Other receivables		5.6	–	5.6
Inventories		15.2	–	15.2
Prepayments		1.4	–	1.4
Other assets		5.4	–	5.4
Exploration assets	8	–	75.0	75.0
Property, plant and equipment		615.5	(75.0)	540.5
Total assets		683.8	–	683.8
Trade payables and accruals		11.6	–	11.6
Other payables & current provisions		22.6	–	22.6
Current tax provision		1.0	–	1.0
Deferred tax liabilities		170.1	–	170.1
Non-current provisions		11.1	–	11.1
Total liabilities		216.4	–	216.4
Net identifiable assets acquired		467.4	–	467.4

As a result of the revision to the fair values recognised, the comparative information in the balance sheet at 31 December 2018 has been reclassified as follows:

Consolidated Balance sheet at 31 December 2018	As previously reported \$m	Adjustment \$m	As reclassified \$m
Non-current assets			
Property, plant and equipment	2,077.6	(78.1)	1,999.5
Exploration assets	–	78.1	78.1

Exploration assets at 31 December 2018 of \$78.1 million includes a foreign currency translation adjustment of \$3.1 million since 30 June 2018.

17. Parent entity disclosures

As at, and throughout the financial year ended 31 December 2019, the parent entity of the Consolidated Entity was OZ Minerals Limited.

	2019 \$m	2018 \$m
Net reversal of provision for non-recovery of loan to subsidiary	14.1	101.7
Dividend income	250.0	–
Net other expense	(10.5)	(9.1)
Net profit/(loss) for the year	253.6	92.6
Other comprehensive income/(loss)	(7.6)	(6.7)
Total comprehensive income/(loss)	246.0	85.9
Financial position of the parent entity		
Assets		
Current assets	7.1	6.7
Non-current assets	2,482.3	2,281.6
Total assets	2,489.4	2,288.3
Liabilities		
Current liabilities	22.8	11.8
Non-current liabilities	9.0	0.4
Total liabilities	31.8	12.2
Net assets	2,457.6	2,276.1
Equity		
Issued capital	2,280.4	2,280.4
Treasury shares	–	(1.2)
Retained earnings	417.1	245.4
Accumulated losses	(239.9)	(248.5)
Total equity	2,457.6	2,276.1

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 15 for Contingencies and Note 19 for Deed of Cross Guarantee disclosures. The parent entity's capital expenditure commitment as at 31 December 2019 was nil (2018: nil).

Franking account details	2019 \$m	2018 \$m
Franking account balance at beginning of year	171.9	54.5
Franking credits from income tax paid during the year	46.8	148.5
Franking debits from income tax refund received	(2.7)	(2.1)
Franking debits from franked dividends paid during the year	(31.9)	(29.0)
Franking account balance at end of year	184.1	171.9

18. 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.

Subsidiaries

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

Entity	Country of incorporation	Entity	Country of incorporation
OZ Minerals Brazil (Holdings) Pty Ltd	Australia	CTP Operations Pty Ltd	Australia
Avanco Resources Pty Ltd	Australia	Minotaur Resources Holdings Pty Ltd	Australia
Avanco Holdings Pty Ltd	Australia	OZ Exploration Pty Ltd	Australia
Estrela Metals Pty Ltd	Australia	OZ Minerals Equity Pty Ltd	Australia
AVB Copper Pty Ltd	Australia	OZ Minerals Group Treasury Pty Ltd	Australia
AVB Brazil Pty Ltd	Australia	OZ Minerals Holdings Limited	Australia
AVB Carajas Pty Ltd	Australia	OZ Minerals Insurance Pte Ltd	Singapore
AVB Minerals Pty Ltd	Australia	OZ Minerals International (Holdings) Pty Ltd	Australia
Estrela de Brasil Mineração Ltda	Brazil	OZ Minerals Investments Pty Ltd	Australia
AVB Mineração Ltda	Brazil	OZ Minerals Jamaica Limited	Jamaica
Avanco Resources Mineração Ltda	Brazil	OZ Minerals Prominent Hill Operations Pty Ltd	Australia
Vale Dourado Mineração Ltda	Brazil	OZ Minerals Prominent Hill Pty Ltd	Australia
MCT Mineração Ltda	Brazil	OZ Minerals Services Pty Ltd	Australia
ACG Mineração Ltda	Brazil	OZ Minerals Zinifex Holdings Pty Ltd	Australia
ARL South America Exploration Ltd	Bermuda	OZ Minerals Carrapateena Pty Ltd	Australia
ARL Holdings Ltd	Bermuda	OZ Exploration Chile Limitada	Chile
Avanco Luc S.a.r.l.	Luxembourg	OZM Carrapateena Pty Ltd	Australia
Avanco Lux I S.C.S	Luxembourg	OZ Exploration (USA) LLC	USA
Carrapateena Pty Ltd	Australia	SLM - Santa Lucia Mineracao Eireli	Brazil
CTP Assets Pty Ltd	Australia	ZRUS Holdings Pty Ltd	Australia

19. Deed of Cross Guarantee

The Company and all its Australian domiciled subsidiaries listed in Note 18 to the Consolidated Financial Statements, except for, OZ Minerals International (Holdings) Pty Ltd and ZRUS Holdings Pty Ltd, 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 the 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.

During the year, the following entities were added into the Deed of Cross Guarantee: Avanco Resources Pty Ltd, Avanco Holdings Pty Ltd, Estrela Metals Pty Ltd, AVB Minerals Pty Ltd, AVB Copper Pty Ltd, AVB Carajas Holdings Pty Ltd and AVB Brazil Pty Ltd.

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 Guarantee	2019 \$m	2018 \$m
Revenue	1,040.8	1,066.2
Other income	–	2.8
Mining	(218.2)	(266.9)
Processing	(135.0)	(140.2)
Freight	(73.9)	(68.6)
Site administration	(39.2)	(35.4)
Royalties	(57.5)	(52.5)
Inventory movement	(136.2)	(86.0)
Corporate administration	(47.2)	(29.0)
Exploration and corporate development	(55.0)	(60.1)
Other expenses	(4.5)	(6.1)
Foreign exchange gain/(loss)	(1.2)	6.6
Profit before interest and income tax	272.9	330.8
Finance income	4.5	11.7
Finance expense	(8.4)	(4.2)
Profit before income tax	269.0	338.3
Income tax	(65.2)	(95.2)
Profit for the year	203.8	243.1
Other comprehensive gain/(loss)		
Items that will not be reclassified subsequently to future Income Statements		
Change in fair value of investments in equity securities, net of tax	(7.6)	(6.7)
Items that may be reclassified subsequently to future Income Statements		
Cash flow hedges reserve change in fair value	(52.0)	(19.4)
Cash flow hedges reclassified to profit and loss	23.9	–
Other comprehensive loss for the year, net of tax	(35.7)	(26.1)
Total comprehensive income for the year	168.1	217.0

Consolidated balance sheet of the entities within the Deed of Cross Guarantee	2019 \$m	2018 \$m
Current assets		
Cash and cash equivalents	114.2	464.0
Trade receivables	79.2	67.7
Tax receivable	–	2.8
Inventories	225.8	261.2
Prepayments	4.6	5.5
Other receivables	180.8	476.9
Total current assets	604.6	1,278.1
Non-current assets		
Inventories	299.3	401.6
Exploration assets	33.1	–
Property, plant and equipment	2,181.2	1,456.8
Right-of-use assets	176.1	–
Investment in subsidiaries which are not party to the Deed	304.1	3.0
Other assets	30.0	50.7
Total non-current assets	3,023.8	1,912.1
Total assets	3,628.4	3,190.2
Current liabilities		
Trade payables and accruals	144.7	124.2
Other payables	2.9	3.2
Current tax provision	8.5	–
Employee benefits	13.3	10.9
Provisions	0.2	0.3
Derivative financial instruments	60.4	–
Loans and borrowings	37.8	–
Total current liabilities	267.8	138.6
Non-current liabilities		
Deferred tax liabilities	88.0	91.7
Employee benefits	1.7	1.4
Provisions	78.1	37.8
Derivative financial instruments	22.7	15.6
Loans and borrowing	146.1	–
Total non-current liabilities	336.6	146.5
Total liabilities	604.4	285.1
Net assets	3,024.0	2,905.1
Equity		
Issued capital	2,280.4	2,280.4
Cash flow hedge reserve	(49.4)	(23.0)
Retained earnings	793.0	648.9
Treasury shares	–	(1.2)
Total equity	3,024.0	2,905.1

Comparative information for exploration assets and property, plant and equipment were reclassified as per Note 16.

20. 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

	2019 \$	2018 \$
Short-term employee benefits	4,105,168	4,555,776
Other long-term benefits	51,590	35,993
Post-employment benefits	140,028	149,524
Share-based payments	1,574,624	1,191,713
Total	5,871,410	5,933,006

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 high availability corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

21. Related party transactions

A number of KMP, or their related parties, may 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.

22. Remuneration of auditors

	2019 \$	2018 \$
Audit and review services		
Auditors of the Group – KPMG		
Audit and review of financial statements - Group	530,000	545,000
Audit and review of financial statements - controlled entities	45,000	24,900
Total fee for audit and review services	575,000	569,900
Assurance services		
Auditors of the Group – KPMG		
Assurance of NGRS data	25,800	–
Sustainability assurance	75,600	50,000
Total fee for audit, review and assurance services	676,400	619,900
Other services		
Auditors of the Group – KPMG		
Taxation advice and tax compliance services	31,310	202,000
Other services	40,000	101,600
Total fee for other services	71,310	303,600
Total fees	747,710	923,500

23. New accounting standards

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 2018 except for AASB 16 Leases as described below.

AASB 16 Leases

The Consolidated Entity has applied AASB 16 from 1 January 2019. It has adopted the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings at 1 January 2019 without restatement of comparative information for 2018.

AASB 16 eliminates the distinction between operating and finance leases and brings all leases (other than short term and low value leases) onto the balance sheet. As a lessee, the Consolidated Entity 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.

An assessment is made, at inception or when contract terms are changed, to determine whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Consolidated Entity determines the consideration attributable to the lease or a lease component within a contract on the basis of the standalone price of the assets for which a right of use is conveyed.

The Consolidated Entity has elected to recognise lease payments associated with low value assets and short term leases as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are as below:

	Property \$m	Plant & equipment \$m	Total \$m
Balance at 1 January 2019 recognised on transition	5.1	89.2	94.3
Balance at 31 December 2019	6.2	169.9	176.1

The Group presents lease liabilities in 'Loans and borrowings' in the consolidated balance sheet.

Transition

The Consolidated Entity has leases and embedded leases within service contracts which typically include the option to renew the lease for an additional period after the end of the non-cancellable period. Some leases also provide for additional payments based on changes in local price indices.

At transition, all lease liabilities were measured at the present value of the remaining lease payments, discounted using the entity's incremental borrowing rate at 1 January 2019. The right-of-use assets are measured at their carrying amount as if AASB 16 had applied since the commencement date and the incremental borrowing rate at 1 January 2019 was used.

The Group applied the following principles when applying AASB 16:

- / Applied an exemption not to recognise right-of-use assets and liabilities for leases with remaining lease terms less than 12 months as at 1 January 2019.
- / Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- / Used past experience when determining the lease term where the contract contained options to extend or terminate the lease.
- / The Group applied a consistent incremental borrowing rate to a portfolio of leases with similar characteristics.
- / The Group relied on the onerous contract assessment completed prior to transition as an alternative to impairment testing of the ROU assets.

Impacts on financial statements

a. Impacts on transition

On transition to AASB 16, the Consolidated Entity recognised right-of-use assets, and lease liabilities, reporting the net difference within retained earnings. The impact on transition is summarised below:

	1 January 2019 \$m
Right-of-use assets	94.3
Lease liabilities	(105.2)
Net deferred tax asset/(liability)	2.5
Retained earnings	6.1
Capital work in progress	2.4

When measuring lease liabilities on transition, the Group discounted lease payments using an average rate of 3.5% at 1 January 2019.

The leases liability on transition to AASB 16 includes arrangements identified within mining services supply contracts (\$97.5 million) and other agreements (\$7.7 million). No operating lease commitments were disclosed at 31 December 2018.

b. Impacts for the period

As a result of initially applying AASB 16 in relation to the leases previously accounted for as operating leases, the Group recognised \$93.8 million of right-of-use assets and \$101.0 million of lease liabilities as at 31 December 2019.

Amounts recognised in the Entity's Consolidated financial statement for the year ended 31 December 2019.

	\$m
Income statement	
Depreciation and amortization	23.3
Lease interest (included in finance expense)	1.5
Expense relating to short-term leases	0.5
Expense relating to leases of low-value assets, excluding short-term	0.2
Cash flow statement	
Lease liability payments (included in cashflows from net financing activities)	43.6
Lease interest paid (included in cashflows from operating activities)	1.5
Balance sheet	
Right-of-use assets at carrying value	176.1
Addition to right-of-use assets	124.1
Lease liabilities (included in Loans and borrowings)	
Current	(37.8)
Non-current liabilities	(146.1)

Variable lease payment in relation to the right-of-use assets for the year was immaterial.

c. Short term lease commitments

At 31 December 2019, the Group has short term lease commitments of \$0.3 million.

Issued Standards and Pronouncements not early adopted

At the date of authorisation of the Financial Statements, 2019-1 "Amendments to the Australian Accounting standards - reference to the conceptual framework" standard has been issued and is mandatory from 1 January 2020. This standard has not been adopted early by the Group and will be first adopted for the year ending 31 December 2020. The standard is not expected to have a material impact on application.

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 113 to 151 and the remuneration disclosures that are contained in the Remuneration Report on pages 54 to 69, 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 2019 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 117 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 18, 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 2019.

Signed in accordance with a resolution of the directors.



Rebecca McGrath
Chairman,
Adelaide
18 February 2020



Andrew Cole
Managing Director and
Chief Executive Officer
Adelaide
18 February 2020

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 2019 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 2019;
- / 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 or 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 Consolidated Entity 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 (including Independence Standards)* (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 finalisation for the purchase of Avanco Resources Limited and its controlled entities;
- / Valuation of Low Grade Gold Ore Stockpiles; and
- / Adoption of the new accounting standard AASB 16 *Leases*.

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 finalisation for the purchase of Avanco Resources Limited and its controlled entities (\$467.4 million)

The key audit matter

During 2018, the Group purchased Avanco Resources Limited and its controlled entities (Avanco). The provisional acquisition accounting for Avanco was finalised in 2019.

The finalisation of acquisition accounting for the purchase of Avanco is a key audit matter due to:

- / The pervasive impact of the acquisition on the Financial Report. Consequently it was a significant part of our audit.
- / The level of judgement and audit effort we applied in auditing the Group's determination of the fair value of acquired mineral rights for each project and exploration assets, based on available information. The Group engaged an external valuation expert to determine the fair value of the mineral rights and exploration assets.
- / The complexity in accounting for deferred tax consequences related to mineral rights arising on acquisition.

How the matter was addressed in our audit

Our procedures included:

- / We evaluated the acquisition accounting against accounting standard requirements and industry practice.
- / We challenged the significant judgements made by the Group in determining the fair value of acquired mineral rights and exploration assets. This included comparing the value of mineral rights recognised for each project and exploration assets to the external expert's valuation report. We cross checked the value of mineral rights and exploration assets in the external report to published reports by brokers and analysts.
- / We assessed the scope, competence and objectivity of the Group's external valuation expert engaged to determine the fair values of the mineral rights and exploration assets.
- / We evaluated the Group's measurement of the deferred tax liability arising from the recognition of mineral rights against applicable accounting standards and for consistency with technical interpretative literature.

Valuation of Low Grade Gold Ore Stockpiles (\$224.8 million)

Refer to Note 5 to the Financial Report

The key audit matter

Significant judgment is exercised by the Group in their determination of the value of low grade gold ore. The low grade gold ore will be combined with copper ore to produce concentrate. The valuation of low grade gold ore stockpiles is a key audit matter due to:

- / The significant judgment required by us to assess the key assumptions used in the Group's valuation model.
- / The size of low grade gold ore stockpiles as a proportion of total assets (5.9%).

The Group's valuation model estimates future proceeds 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.

How the matter was addressed in our audit

Our procedures included:

- / We tested the Group's key controls relevant to:
 - The valuation of low grade gold ore stockpiles, including board review and approval of key assumptions used in the Group's model such as commodity prices and foreign exchange rates; and
 - The process for recording and monitoring volumes and grades of stockpiled low grade gold ore, such as the 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 the accounting standards.
- / We compared the results of the Group's external quantity surveyors to the volume of low grade gold ore stockpiles recorded in the Group's model at 31 December 2019.



We focused on the significant forward-looking assumptions the Group applied in their valuation model, including:

- / Future metal production levels (ore blend rates), 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 planned to be processed and sold.
- / The timing of production, which depends on the available capacity of the processing mill.

Assumptions are forward looking and / or not based on observable data and are therefore inherently judgmental to audit.

- / We compared grades of stockpiled low grade gold ore recorded in the model to the grades recorded in previous periods and to the Group's internal surveyor's 31 December 2019 measurement of grades.
- / We assessed the scope, competence and objectivity of the Group's internal surveyors, to grade the low grade gold ore stockpiles.
- / We challenged the Group's key assumptions used in the model to determine the value of low grade gold ore stockpiles by:
 - Comparing future processing costs of low grade gold ore to historical actual processing costs.
 - Assessing future selling costs against current costs, by comparing to a sample of existing customer sales contracts.
 - Assessing future commodity prices and foreign exchange rates applied by the Group against published analyst and broker data.
 - Comparing forecast production of low grade gold ore to be processed to publicly disclosed mill capacity.

Adoption of the new accounting standard AASB 16 Leases (Right-of-use asset (\$176.1 million), lease liability (\$183.9 million), depreciation and amortisation and interest expense (\$24.9 million) and adjustment to opening retained earnings (\$6.1 million)

Refer to Note 23 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Adoption of the new accounting standard AASB 16 Leases ("AASB 16") is inherently complex, where specific lease features drive different accounting outcomes, increasing the need for interpretation and judgement.</p> <p>This is a key audit matter for us due to the following:</p> <ul style="list-style-type: none"> / The Group was required to interpret these new and complex accounting requirements and implement new accounting policies for the first time in the year. Applying a new standard to existing business practices is more challenging with little precedent. / The size of the impact of right-of-use assets, lease liabilities and depreciation and amortisation on the financial statements. <p>The most significant area of judgement we focused on was leases embedded within supply contracts. The Group enters into multiple service and supply contracts with various features, which increases the possibility of not identifying embedded leases.</p> <p>We involved our senior audit team members in assessing this judgement.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> / We considered the appropriateness of the Group's new accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice. / We obtained an understanding of the Group's new processes used to calculate the lease liability, right-of-use asset, depreciation and amortisation, interest expense, and retained earnings adjustment. / We assessed the completeness of the Group's leases, taking into consideration the selected transition approach and practical expedients applied on adoption by: <ul style="list-style-type: none"> – Inspecting a sample of lease agreements entered into by the Group and comparing these to the listing of leases; – Inspecting a sample of non-lease agreements including service and supply contracts for the existence of embedded leases; – Inspecting relevant expense accounts for routine payments during the year to identify the existence of leases not included in the Group's listing of leases.



-
- / We compared the Group's inputs to the AASB 16 lease calculation model, such as, key dates, fixed and variable rent payments, renewal options, incentives, and make good obligations, for consistency to the relevant terms of underlying source documents, including signed lease agreements.
 - / We considered the sensitivity of the Group's AASB 16 lease calculation model by varying the incremental borrowing rate, within a reasonably possible range. We did this to identify the risk of bias or inconsistency in application.
 - / We assessed the integrity of the Group's AASB 16 lease calculation model, including the accuracy of the underlying calculation formulas. We recalculated the amount of lease liability, right-of-use asset, depreciation and amortisation, interest expense, and retained earnings relevant to this financial year using an independent lease calculation model and compared the recalculated amounts against the amounts recorded by the Group.
 - / We assessed the disclosures in the financial report against our understanding obtained from our testing and against the requirements of the accounting standard.
-

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. 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, defined sustainability information within the Sustainability Report and our related assurance opinions.

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 and Company'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 and Company 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: http://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 2019, 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 in pages 54 to 69 of the Directors' report for the year ended 31 December 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

A handwritten signature of Paul Cenko in black ink, with the letters 'KPMG' clearly visible at the beginning.

KPMG

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

Paul Cenko
Partner
Adelaide
18 February 2020

Shareholder information

Capital

Share capital comprised 324,188,240 fully paid ordinary shares on 10 February 2020.

Shareholder details

At 10 February 2020, OZ Minerals had 41,269 shareholders. There were 733 shareholdings with less than a marketable parcel of \$500 worth of ordinary shares.

Top 20 investors at 10 February 2020

Name	Number of shares	Issued Capital %
HSBC Custody Nominees (Australia) Limited	105,649,085	32.59
J P Morgan Nominees Australia Pty Limited	48,955,784	15.10
Citicorp Nominees Pty Limited	41,472,106	12.79
National Nominees Limited	31,332,315	9.66
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	12,244,586	3.78
BNP Paribas Noms Pty Ltd <DRP>	4,633,659	1.43
Citicorp Nominees Pty Limited <Colonial First State INV A/C>	3,118,465	0.96
Romsup Pty Ltd <Romadak Super Fund A/C>	2,467,057	0.76
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	2,114,904	0.65
Glencore Australia Holdings Pty Limited	1,827,891	0.56
HSBC Custody Nominees (Australia) Limited-Gsco Eca	1,661,333	0.51
Pacific Custodians Pty Limited OZL Plans Ctrl	1,360,906	0.42
Sandhurst Trustees Ltd <Harper Bernays Ltd A/C>	1,239,753	0.38
BNP Paribas Noms (NZ) Ltd <DRP>	1,239,753	0.38
Mr Jose Manuel Do Rego Medeiros	850,000	0.26
Debortoli Wines Pty Limited	558,254	0.17
National Nominees Limited <N A/C>	543,521	0.17
Mirrabooka Investments Limited	514,786	0.16
National Nominees Limited <DB A/C>	509,458	0.16
BNP Paribas Noms Pty Ltd <HUB24 Custodial Serv Ltd DRP>	432,173	0.13
Total	262,594,841	80.98

Substantial shareholders of OZ Minerals Limited at 10 February 2020

BlackRock group advised that as at 19 December 2019, it and its associates had an interest in 25,117,947 shares, which represented 7.75% 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% of OZ Minerals capital at that time.

Cooper Investors advised that as at 7 March 2019, it and its associates had an interest in 18,182,716 shares, which represented 5.614% of OZ Minerals capital at that time.

Ausbil Investment Management Limited advised that as at 4 December 2019, it and its associates had an interest in 16,308,402 shares, which represented 5.035% of OZ Minerals capital at that time.

The Vanguard Group, Inc. advised that as at 16 April 2019, it and its associates had an interest in 16,285,849 shares, which represented 5.028% of OZ Minerals capital at that time.

Investor categories at 10 February 2020

Ranges	Number of investors	Number of shares	Issued capital %
1 – 1,000	29,973	10,637,204	3.28
1,001 – 5,000	9,291	21,088,532	6.51
5,001 – 10,000	1,275	9,203,309	2.84
10,001 – 100,000	679	15,489,195	4.78
100,001 and Over	51	267,770,000	82.6
Total	41,269	324,188,240	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 10 February 2020 are as follows:

Class of security	Number of holders	Number of securities
Performance rights	404	1,706,927

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 2020. An interim dividend of eight cents per share fully franked was paid to shareholders on 17 September 2019. This brings the total dividend for calendar year 2019 to 23 cents per share fully franked.

Dividend payments

Dividend payments are credited directly into any nominated bank, building society or credit union account in Australia.

Annual Report

A full copy of the Annual Report is available 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.

Kilolitre (kL)

One kilolitre is equal to one thousand litres.

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 a major extreme impact on safety, health, environment or the community.

Significant occupational exposures

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

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.



OZ Minerals Limited

ABN 40 005 482 824

Corporate Office

2 Hamra Drive, Adelaide Airport
South Australia 5950
Telephone: (61 8) 8229 6600
Facsimile: (61 8) 8229 6601
info@ozminerals.com

Share Registry

Link Market Services Limited
Tower 4, 727 Collins Street,
Docklands
Victoria 3008 Australia
Telephone: (61) 1300 306 089
Facsimile: (61 2) 9287 0303
linkmarketservices.com.au

Investor enquiries

Tom Dixon
Group Manager
Investor Relations
Telephone: (61 8) 8229 6628
tom.dixon@ozminerals.com