ASX Release

16 NOVEMBER 2020

OZ Minerals to invest $47 million to progress Prominent Hill shaft expansion study

- **Prominent Hill Expansion Study Update confirms feasibility of a vertical hoisting shaft to replace truck haulage**
- **Study Update based on conservative Interim Case; economic case expected to be strengthened as Study progresses through Resource conversion**
- **$47 million committed to progress Study and continue infill drilling ahead of a final investment decision expected mid-2021**

An Update on the Prominent Hill Expansion Study released today shows installation of a vertical hoisting shaft to replace truck haulage (Study Update) is technically and economically feasible. The Study Update is based on a conservative interim case[1] (Interim Case) containing only a third of the total Prominent Hill Inferred Resource[2] of 59 million tonnes outside the current life of mine plan[3].

OZ Minerals will now invest $47 million to progress the study. The largest portion of the investment will be directed towards further infill drilling to potentially convert Inferred Resources to Reserves to inform a final investment decision expected in mid-2021.

Over the past decade, Prominent Hill has seen a positive conversion of Inferred Mineral Resources to Indicated Mineral Resources (or better) with a conversion rate of greater than 1:1 on a contained metal basis.

The Study Update confirms the installation of a 1,360 metre, 7.5 metre diameter vertical shaft at Prominent Hill is technically and economically feasible with capital investment consistent across the interim and strengthened cases. The robustness of the investment into the shaft was tested by examining the feasibility of mining the existing Ore Reserves[4] with a production target based on approximately 6 Mtpa from 2025[5] comprising less than 30%[6] Inferred Mineral Resource.

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[1] Guided by current industry practice relating to the proportion of Inferred Resource to be included in a study

[2] There is a low level of geological confidence associated with Inferred Mineral Resources. See Cautionary Statement on page 3

[3] The total Mineral Resource for the Base Case is set out in the Prominent Hill 2020 Mineral Resource and Ore Reserve Statement and Explanatory Notes which was released to the market today and is available to view at www.ozminerals.com/media/asx

[4] See footnote 3

[5] See Production Target Cautionary Statement for Study Update on page 3

[6] The Study Update includes material that is currently in the Inferred Mineral Resources category. Inferred Mineral Resources represent approximately 29.7% of the production target by tonnage. By the stage that a significant portion of the Inferred Mineral Resources are due to be mined, OZ Minerals expects to be in a position to upgrade the Mineral Resources from Inferred to Indicated or a more geologically confident category. See Cautionary Statement on page 3 and the Study Update.

The Interim Case shows that converting to a vertical shaft would lower the operational risks of mining at depth and be NPV and cashflow positive over the current truck haulage mining operation. The economics thus far support continued investment in the expansion study to undertake further infill drilling to increase mine life and inform a final investment decision.

The Study Update shows a shaft haulage expansion would require capital cost of approximately $450 million (not expected to materially increase if there is conversion of Inferred Resources to Reserves to expand the scale of the Study) to be spent over four years from 2021 and potential for:

- improved safety and productivity as mining conditions become deeper and hotter enabling access to more of the total Inferred Mineral Resource
- lower site operating costs by between $10 and $15 per tonne
- seamless conversion to vertical shaft haulage from 2025
- potential to extend mine life upon further conversion of Mineral Resources to Reserves consolidating Prominent Hill as a low-cost, long-life open stoping mine
- improved greenhouse gas emissions intensity by progressively shifting to an electrified shaft and underground fleet
- the existing processing plant to accommodate the new throughput rates without major modification
- access to exploration beyond the Resource limits to provide further growth potential[7]

OZ Minerals Managing Director and Chief Executive Officer, Andrew Cole, said:

"The positive findings of the Prominent Hill Expansion Study on a relatively small case increases our confidence in Prominent Hill's longevity and ongoing performance.

"While examining only a portion of the Mineral Resource, the study showed significant cash flow uplift, improved safety, and lower mining costs and emissions intensity. It provides a strong foundation from which to consider the potential of the remaining two thirds of the Inferred Resource as the study and infill drilling progresses to inform an investment decision mid-2021.

"We understand the orebody and the mining methods to be used. We have consistent historical Resource to Reserve conversion rates. Underground mining rates are now averaging circa 4 Mtpa and we expect to achieve rates between 4–5 Mtpa[8] from 2022 when we are able to mine simultaneously from the bottom of the mine plan and from the current mining levels. The mine has consistently operated in the lowest quartile of the cost curve for many years. We look forward to the results of the study and further infill drilling in mid-2021."

[7] See ASX Release entitled "Positive Prominent Hill deep drilling results" released today and is available to view at www.ozminerals.com/media/asx

[8] See Cautionary note on page 3 re Prominent Hill LOM Production target

Cautionary Statement

Production Target Cautionary Statement for Study Update

OZ Minerals advises that the Prominent Hill Expansion Study update is based upon a subset of the Prominent Hill Mineral Resources and Ore Reserves. The Production Target of the expansion study interim case comprises:

- 53.1% Proved Ore Reserves;
- 14.3% Probable Ore Reserves;
- 1.6% Measured Mineral Resources;
- 1.3% Indicated Mineral Resources; and
- 29.7% Inferred Mineral Resources.

Production Target Cautionary Statement for existing LOM

The Production Target of the existing LOM comprises:

- 72.1% Proved Ore Reserves;
- 19.4% Probable Ore Reserves;
- 2.2% Measured Mineral Resources;
- 1.7% Indicated Mineral Resources; and
- 4.6% Inferred Mineral Resources.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. The Ore Reserve and Mineral Resource estimates underpinning the production targets were prepared by a Competent Person in accordance with the JORC Code 2012.

Forward looking and cautionary statements

Forward Looking Statement

This document has been prepared by OZ Minerals Limited.

Some statements in this document are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside OZ Minerals' control. Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation.

Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements which speak only as at the date of the document. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, OZ Minerals does not undertake any obligation to publicly release any updates or revisions to any forward looking statements contained in this document, whether as a result of any change in OZ Minerals' expectations in

relation to them, or any change in events, conditions or circumstances on which any such statement is based.

This presentation should be read in conjunction with the Prominent Hill Expansion Update, the Prominent Hill Exploration Results and the Prominent Hill 2020 Mineral Resource and Ore Reserve Statement and Explanatory Notes released today.

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

For further information, please contact:

Investors
Travis Beinke
T 61 8 8229 6628
M 61 417 768 003
travis.beinke@ozminerals.com

Media
Sharon Lam
T 61 8 8229 6627
M 61 0438 544 937
sharon.lam@ozminerals.com

PROMINENT HILL EXPANSION

Study Update

November 2020

Prominent Hill Expansion Study Update Cautionary Statement

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Production Target Cautionary Statement

OZ Minerals advises that the Prominent Hill Expansion Study update is based upon a subset of the Prominent Hill Mineral Resources and Ore Reserves. The Production Target of the expansion study interim case comprises:

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- 14.3% Probable Ore Reserves;
- 1.6% Measured Mineral Resources;
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Production Target Cautionary Statement for current mining Life of Mine

The Production Target of the existing life of mine comprises:

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- 4.6% Inferred Mineral Resources.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. The Ore Reserve and Mineral Resource estimates underpinning the production targets were prepared by a Competent Person in accordance with the JORC Code 2012.

Prominent Hill Expansion Study Update

Introduction

- Prominent Hill is an operating copper gold silver mine in South Australia, currently producing in the lowest cost quartile globally and delivering on its annual production guidance for the past five years.
- Mining operations commenced in 2006 when pre-strip for the open pit began. Open pit ore processing started in 2009 and in 2018 the site converted to an underground-only operation ramping up to a 4 million tonnes per annum (Mtpa) run rate in 2020. Further plans to increase production to between 4 and 5 Mtpa by 2022 were announced in August this year.
- This Study Update examines the safety, economic and technical feasibility of installing a shaft which would further increase the annual underground mining rate, extend the mine life, and reduce the overall operational risk. A shaft would provide access to the deeper orebody beneath the current Ore Reserves boundary and provide exploration opportunities beyond the current Mineral Resource limits.
- This Study Update is based on the Prominent Hill Ore Reserves and approximately one-third of the total Inferred Mineral Resources. This robust interim case, together with the potential that the remaining two-thirds of the Inferred Mineral Resources will convert to Ore Reserves in-line with Prominent Hill's historical conversion rate, provides sufficient confidence that a vertical hoisting shaft operating at 6 Mtpa[1] will be economically feasible and therefore warrants further investment.
- A key focus for the next phase of study is to continue in-fill drilling in the Inferred Mineral Resource areas. Assuming the continued conversion at historical conversion rates, this will enable more Ore Reserves to inform a strengthened case with a longer mine life. A final investment decision by the OZ Minerals Board is expected in mid-2021 on this strengthened case, which will incorporate available results of drilling to be undertaken in the remainder of this year and in the first half of 2021.
- Note also that recent drilling that has targeted areas outside the existing Mineral Resources boundary has successfully intersected mineralisation at depth in the Malu and Kalaya mineralisation zones[2]. This mineralisation remains open at depth and will be the target of future drill campaigns.

[1] See Production Target Cautionary Statement on page 2.
[2] See ASX announcement titled "Positive Prominent Hill deep drilling results" released on 16 November 2020 and available at: www.ozminerals.com/media/asx

Overview

Prominent Hill is an iron oxide copper gold silver (IOCG) deposit located in the Gawler Craton, South Australia (Figure 1). The Gawler Craton covers approximately 600,000 square kilometres of South Australia. The Gawler Craton hosts Olympic Dam, Prominent Hill, Carrapateena, and other smaller and sub-economic copper-gold deposits. Copper-gold-silver mineralisation at Prominent Hill is mostly hosted within hematite-matrix breccia. Copper mineralisation occurs as disseminations of chalcocite, bornite and chalcopyrite in the matrix of the breccia.

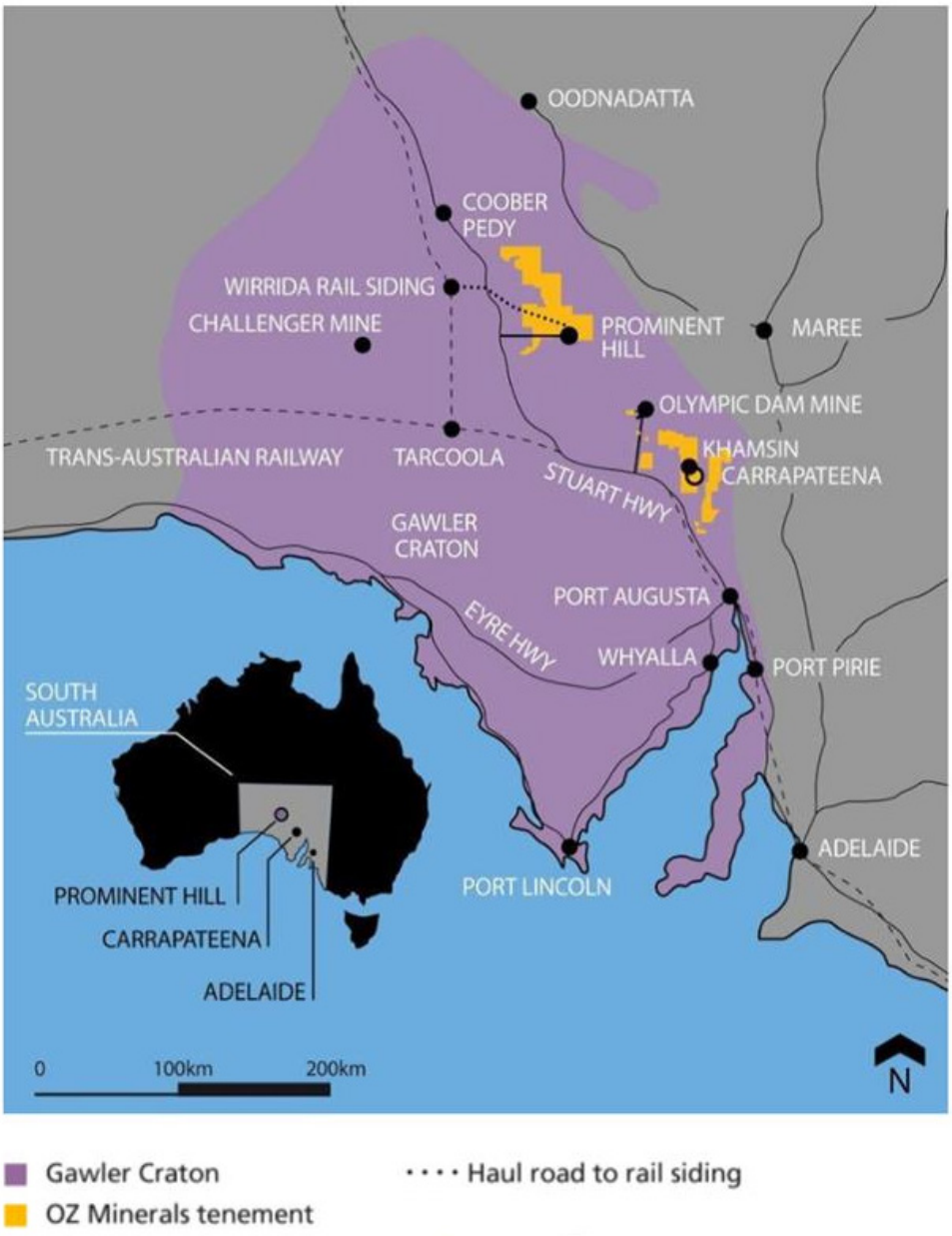

Figure 1: Prominent Hill Mine Location

Project Overview

A summary of the key technical features of the Prominent Hill Expansion Study Update compared to the current mining operation is outlined in Table 1. The expansion builds on the current mining operation, sharing common elements such as existing plant and other surface infrastructure.

Table 1: Expansion and Current Mining Operation Comparison

Key Project Element	Current Mining Operation	Prominent Hill Expansion
Mining		
Underground Resource	130 Mt as at 30 June 2020	130 Mt as at 30 June 2020
Mining method	Sub-level open stoping	Sub-level open stoping
Production rate	4-5 Mtpa[3]	6 Mtpa[4] from 2025
Mine Life	10 years	11 years*
Main access	Decline (ramp)	Decline (ramp)
Secondary access	Decline (ramp)	Decline (ramp) and Hoisting Shaft
Commodities	Copper, gold, silver	Copper, gold, silver
Primary crushing	Surface gyratory crusher	Underground gyratory crusher
Ore handling	Decline (ramp)	1,360 m, 7.5 m diameter Hoisting Shaft and decline (ramp)
UG trucking Fleet	~14 average	4 (post shaft)
Ventilation	Upgraded ventilation	Upgraded ventilation and cooling
Processing		
Flow sheet	SAG mill, ball mill, and rougher flotation followed by four-stage cleaning	SAG mill, ball mill, and rougher flotation followed by four-stage cleaning
Product	Copper, gold and silver in concentrate	Copper, gold and silver in concentrate
Feed Rate	6.6 Mtpa average over mine life	7.2 Mtpa average over mine life
Surface Infrastructure		
Surface ore handling	Rehandle from surface ore stockpiles into crusher	Overland conveyor from shaft tip to coarse ore stockpile
Power	45 MW demand, 132 kV high voltage connection to grid	55 MW demand, 132 kV high voltage connection to grid
Water	~18 ML/d sourced from wellfields	~18 ML/d sourced from wellfields
Village and airstrip	1200 rooms and airstrip located at site	1200 rooms and airstrip located at site
Site access	Mine Access Rd (45 km all-weather road off Stuart Highway)	Mine Access Rd (45 km all-weather road off Stuart Highway)
Tailings		
Tailings disposal	TSF uplifts	TSF uplifts
Tailings storage facility	Standard circular embankment design 1.7 km in diameter (additional 2 stages – 155 Mt storage capacity)	Standard circular embankment design 1.7 km in diameter (additional 2 stages – 206 Mt storage capacity)

*Key parameter that will change prior to final investment decision.

[3] See Production Target Cautionary Statement on page 2.
[4] See Production Target Cautionary Statement on page 2.

Project Timing

Existing operating infrastructure at Prominent Hill constructed for the sub-level open stoping operation provides the foundation for the Expansion. The Prominent Hill Expansion Study Update capital is focused on the shaft construction and associated connecting surface and underground infrastructure, with upgrades to primary ventilation and installation of cooling. A potential project activity timeline for construction works is set out in Figure 2.

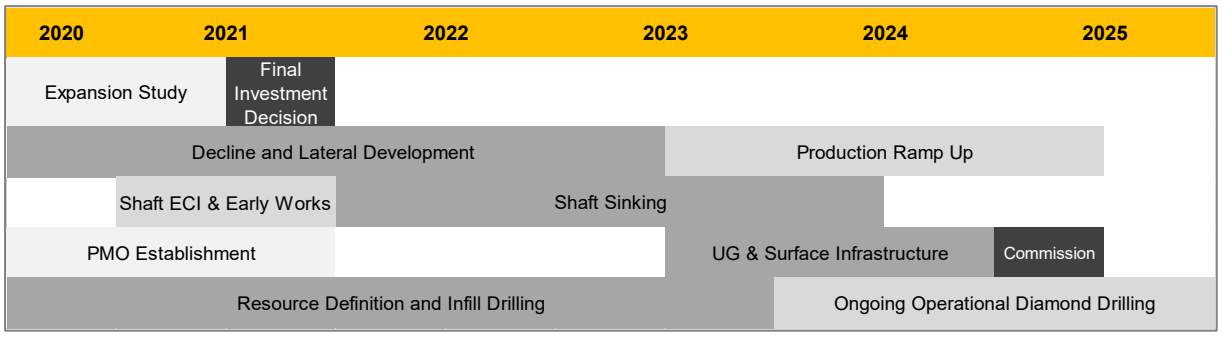

Figure 2: Indicative Sequencing and Timing of Prominent Hill Expansion Study Update

Capital Costs

The capital cost estimate for this Prominent Hill Expansion Study Update is estimated to an AACE Class 4 standard. A summary of the incremental capital cost for the expansion is provided in Table 2. The capital cost would be spread over a four-year period from 2021 with the majority of the costs incurred in years 2022 and 2023. Approximately $40 million of this cost would also be incurred in an extension of the current mining where truck haulage was maintained as the primary method of material haulage.

Table 2: Capital Cost Estimate

Description	Total Cost ($ million)
Underground Mining and Shaft Sinking	~$150
Surface and Underground Infrastructure	~$220
Owner's Costs	~$15
Contingency	~$65
Incremental Growth Capital Cost	~$**450***

*Excludes $47 million drilling, early works and study funding through to mid-2021 decision.

At the time of releasing this Study Update, OZ Minerals believes it can fund the above capital cost estimate in the timeframes as outlined.

Operating Costs

The operating cost assumption for the Prominent Hill Expansion Study Update is expected to be an improvement of A$10–A$15/t ore mined over the current Life of Mine. The improvement is due to the lower cost associated with shaft material haulage and the increase in production rate. Further investigation into value optimisation options for the processing plant and other surface infrastructure is continuing as part of ongoing study work.

Table 3: Operating Cost Estimate

Description	A$/t Ore
Total Site Operating Costs	~$65-75

Financial Evaluation

The Study Update's interim case, together with the potential that the remaining two-thirds of the Inferred Mineral Resources will convert to Ore Reserves in-line with Prominent Hill's historical conversion rate, provides sufficient confidence that a vertical hoisting shaft operating at 6 Mtpa will be economically feasible and therefore warrants further investment. Based on the need to continue in-fill drilling to finalise the Prominent Hill Expansion Study before a final investment decision can be considered in mid-2021, no detailed financial analysis has been provided in this Study Update.

Stakeholder Value

The Prominent Hill Expansion Study has been shaped within The OZWay framework and specifically, OZ Minerals' 5 Stakeholder Pillars of Value Creation. Completed alongside a traditional quantitative financial assessment, the Value Creation assessment has been carried out in both a quantitative and qualitative manner to fully explore and understand the value and impact the expansion project will have on associated stakeholders, including employees, government, community, shareholders and suppliers.

Material Risks

The Prominent Hill Expansion Study is being undertaken with both an opportunity and threat mindset, using material opportunities and threats as the foundation of this Study Update. Risks have been identified and control plans developed according to the OZ Minerals Risk Management Process Standard. Material Threats of the project include Resource Conversion, Cost and Schedule, Approvals and Land Access, Shaft Sinking and Mining at Depth. Material Opportunities include Resource Conversion, Mineral Resource and Reserve, Increased Production, Basic Design, Waste Minimisation, Responsible Energy use and Modern Mining.

The Prominent Hill Expansion Study work underway is intended to progressively de-risk the project, either by reducing the likelihood and/or severity of the impact of a potential threat, or by increasing the likelihood and/or benefit of grasping an opportunity. Key risks will be the focus of Study activity between now and the next approval milestone in mid-2021.

Prominent Hill Resource and Reserve

The Prominent Hill mineralisation consists of lenses found across four main zones, as shown in Figure 3. These include:

- Malu, the main mineralised corridor that plunges down from the base of the open pit;
- Ankata, an area to the west of Malu and relatively close to surface;
- Kalaya, an area directly to the west of Malu; and
- Papa, a small area of mineralisation to the east of the open pit.

Mining activities are currently undertaken in Ankata and the upper region of Malu, with the current Ore Reserves limited to these areas. As shown in Figure 3, Prominent Hill has significant Inferred Mineral Resources with the Malu and Kalaya mineralisation zones both open at depth.

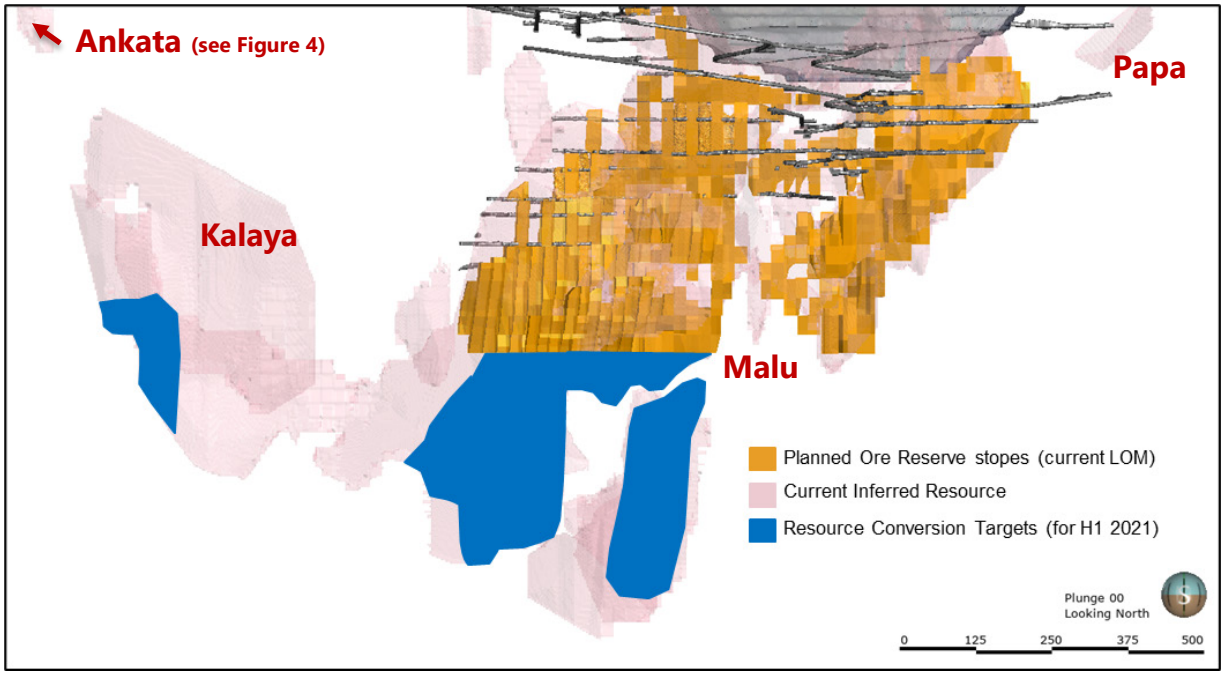

Figure 3: Indicative Layout of Existing Reserve and Potential Resource Conversion Areas

The Prominent Hill Mineral Resource and Ore Reserve Estimate is being restated for this Study Update in Table 4 and Table 5.

Table 4: Prominent Hill Mineral Resource Estimate as at 30 June 2020

Prominent Hill	Category	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (koz)	Ag (Moz)
Underground $52/t NSR[5] cut-off envelope[6]	Measured	46	1.3	0.6	3	590	920	5
	Indicated	23	0.8	1.1	2	180	810	2
	Inferred	59	1.0	0.7	2	590	1,400	4
	Sub-Total	**130**	**1.1**	**0.8**	**3**	**1,400**	**3,100**	**10**
Surface Stocks - Copper[7]	Measured	3.6	0.4	0.3	1	15	38	0.2
Surface Stocks - Gold	Measured	13	0.1	0.7	0.4	14	280	0.2
Surface Stocks - Marginal	Measured	2.7	0.2	0.3	0.5	4.3	30	0.05
Surface Stocks	**Sub-Total**	**19**	**0.2**	**0.6**	**0.7**	**33**	**350**	**0.4**
Total	**Measured**	**65**	**1.0**	**0.6**	**2**	**630**	**1,300**	**5**
	Indicated	**23**	**0.8**	**1.1**	**2**	**180**	**810**	**2**
	Inferred	**59**	**1.0**	**0.7**	**2**	**590**	**1,400**	**4**
	Total	**150**	**0.9**	**0.7**	**2**	**1,400**	**3,500**	**10**

Table 5: Prominent Hill Ore Reserves Estimate as at 30 June 2020

Prominent Hill	Category	Ore (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (koz)	Ag (Moz)
Underground	Proved	29	1.3	0.6	3	370	550	3
	Probable	9.0	0.8	1.0	3	76	290	1
	Sub-Total	**38**	**1.2**	**0.7**	**3**	**440**	**840**	**4**
Surface Stocks - Copper	Proved	3.6	0.4	0.3	2	15	38	0.2
Surface Stocks - Gold	Proved	13	0.1	0.7	0.5	14	280	0.2
Surface Stocks - Marginal	Probable	2.2	0.2	0.3	0.6	3.6	24	0.04
Surface Stocks	**Total**	**18**	**0.2**	**0.6**	**0.7**	**33**	**350**	**0.4**
Total	**Proved**	**45**	**0.9**	**0.6**	**2**	**400**	**870**	**3**
	Probable	**11**	**0.7**	**0.9**	**2**	**79**	**310**	**1**
	Total	**56**	**0.9**	**0.7**	**2**	**480**	**1,200**	**4**

OZ Minerals confirms that it is not aware of any new information or data that materially affects the information included in the OZ Minerals announcement titled "Prominent Hill Mineral Resource & Ore Reserve Statement and Explanatory Notes as at 30 June 2020", released on 16 November 2020, and that all material assumptions and technical parameters underpinning the estimates in that ASX announcement continue to apply and have not materially changed.

[5] Net smelter return (NSR) details can be found under Section 4 "Cut-off parameters" in the attached JORC Table 1.
[6] Envelope produced by stope optimisation using 5 m minimum width, 12 m height and 20 m length.
[7] Stockpile cut-off is $17/t NSR which covers rehandle and processing costs.

Historical Resource Conversion

Historically, 80% of Inferred Mineral Resource areas that have received subsequent infill drilling from underground were converted to Indicated Mineral Resource or better, and were in part incorporated into the mine plan as Ore Reserves.

Of the converted Mineral Resources, estimated contained copper tonnes increased by a factor of 1.4, and gold ounces increased by a factor of 1.1 relative to the metal contained in the equivalent parts of the earlier Inferred Mineral Resource.

On the basis of both these conversion rates, the Study Update has applied a conservative conversion ratio of 1:1, on a contained metal basis, for the one-third of the total Inferred Mineral Resources on which this interim case is based.

Brownfields Exploration Potential

The Prominent Hill Expansion Study Update is based on the known Mineral Resources. Exploration drilling beyond the resource limits has identified potential for future Mineral Resources growth[8] currently constrained by the economic limits of trucking.

A comprehensive underground exploration and Mineral Resources conversion drilling program is ongoing to de-risk the current Prominent Hill Expansion Study and confirm the future opportunity associated with recent exploration activities.

Proposed Mine Expansion

Mine design and scheduling optimisation work has identified the opportunity to increase the underground mining rate and reduce operating costs. Trade off studies have recommended the further investigation of a shaft haulage system to replace the current truck haulage operations.

One of the core benefits of a hoisting shaft is to decrease the cost of bringing material to the surface from depth, enabling the economic extraction of mineralisation from a depth below that which is possible via the use of truck haulage alone.

The shaft design concept comprises a 1,360 metre deep, concrete lined shaft with a nominal diameter of 7.5 metres. Construction of the shaft is at this stage assumed to be a conventional blind sink. The sink rate with this type of method is around 2 metres per day suggesting a sinking period of approximately two years. The location of the shaft collar is being finalised as a compromise between distance from the underground mine workings at depth and the mined out open pit to ensure stability of the shaft over the long term. A shaft geotechnical hole is currently being drilled to 1,500 metres to confirm the suitability of the preferred shaft location.

[8] See footnote 2.

Geotechnical drilling, rock strength and stress measurements and numerical modelling have been carried out to support risk management of the transition to mining at greater depths, while maintaining the current primary and secondary stope mining sequence approach.

Orepasses are designed to feed a trucking horizon, with material then trucked from the base of the ore passes to the underground crushing and shaft infrastructure. This design allows for an increase in the efficiency of mining activities, enabling an increase in stope turnover rate to support a mining rate above the current mining plan. The installation of these dedicated facilities will allow mineralised material that is currently trucked to surface to be directed towards the shaft for improved efficiency and cost profile, enabling a reduced cost base for the operation.

Infrastructure such as the main access decline and additional ventilation is common to both the trucking operation and shaft expansion. Progressing these common items early presents an opportunity to further debottleneck the existing operation and accelerate the potential shaft expansion. These activities commenced during 2020 with the acceleration of the current mining decline.

The proposed expansion mine layout is shown in Figure 4.

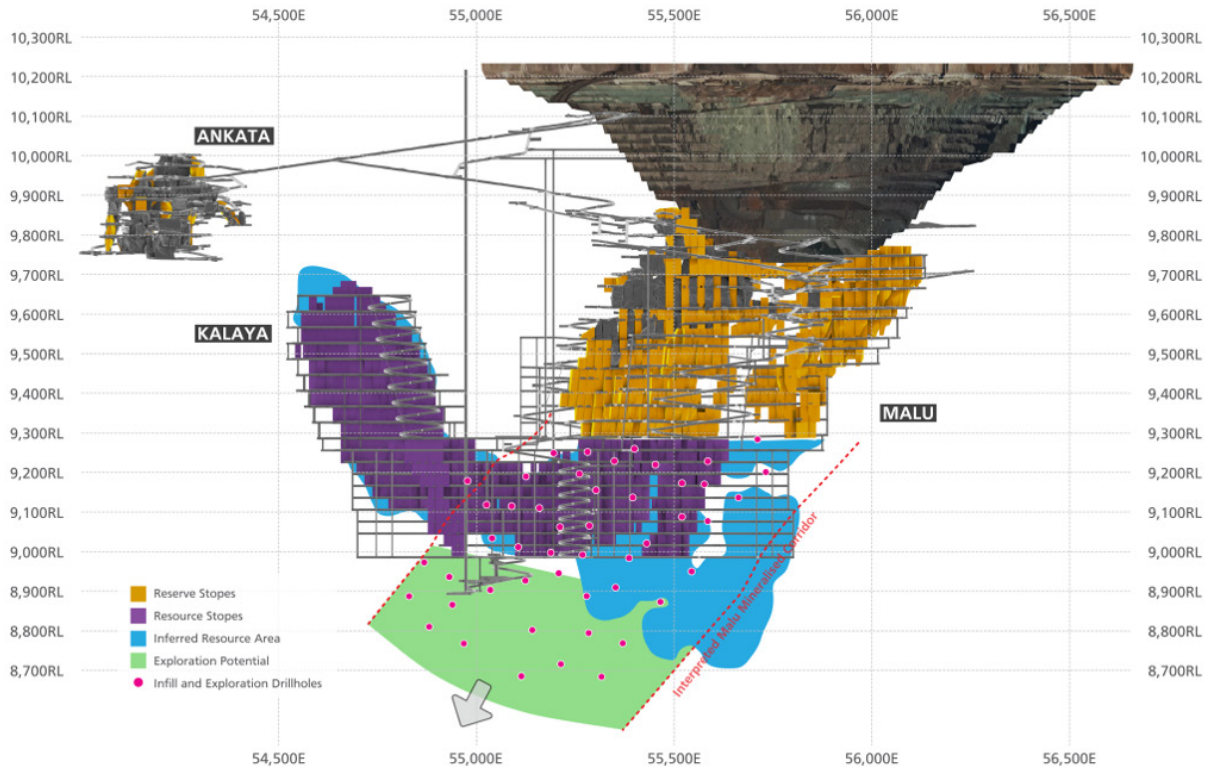

Figure 4: Conceptual Prominent Hill Expansion Study Update Mine Layout in the Context of Prominent Hill Mineral Resources, Ore Reserves and Exploration Potential

Production Target

Shaft hoisting is the key enabler that would facilitate an uplift in mine production to ~6 Mtpa[9]. Underground ore material would become the sole processing plant feed from ~2025 when the surface stockpiles of remaining open pit material are estimated to be fully depleted.

Figure 5 provides an indication of the mill throughput by percentage Resource and Reserve category. Figure 6 outlines the cumulative percentage of Resource and Reserve categories within the production target over the project life.

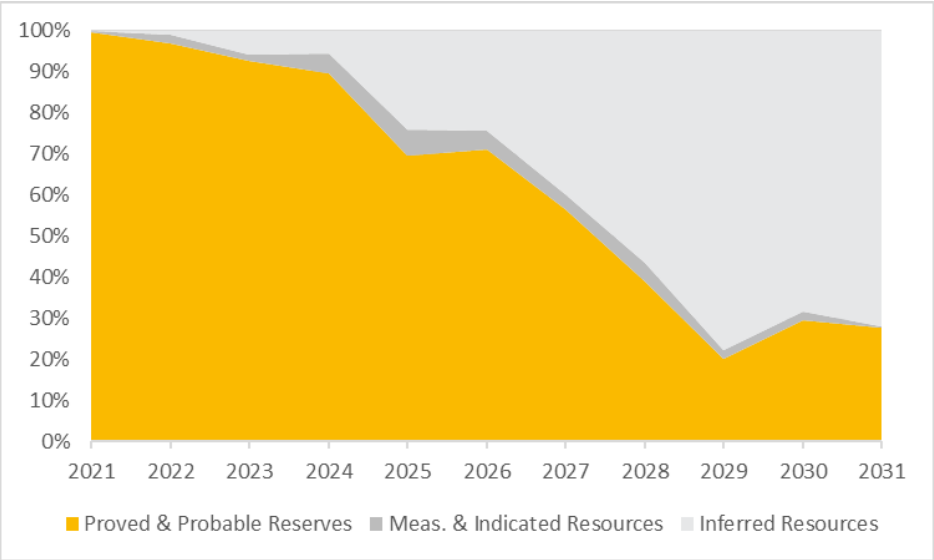

Figure 5: Indicative Expansion Study Update Underground Mine Production Profile

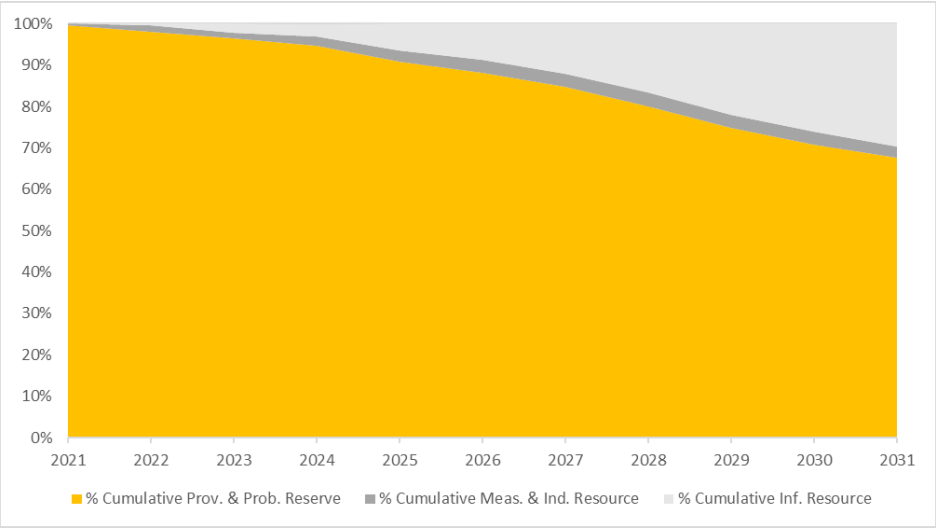

Figure 6: Indicative Expansion Study Update Cumulative Percentage Mill Feed Production Profile

[9] See Production Target Cautionary Statement.

Materials Handling System

A review and upgrade assessment of the underground and surface materials handling infrastructure focused on the following key infrastructure and an overall process flow is shown in Figure 7:

- Ore passes with truck loading chutes on trucking horizon.
- Primary underground crushing and tramp removal system.
- Four rope friction host winder and hosing system, with slew loading conveyor.
- Surface overland conveyor to existing processing plant.

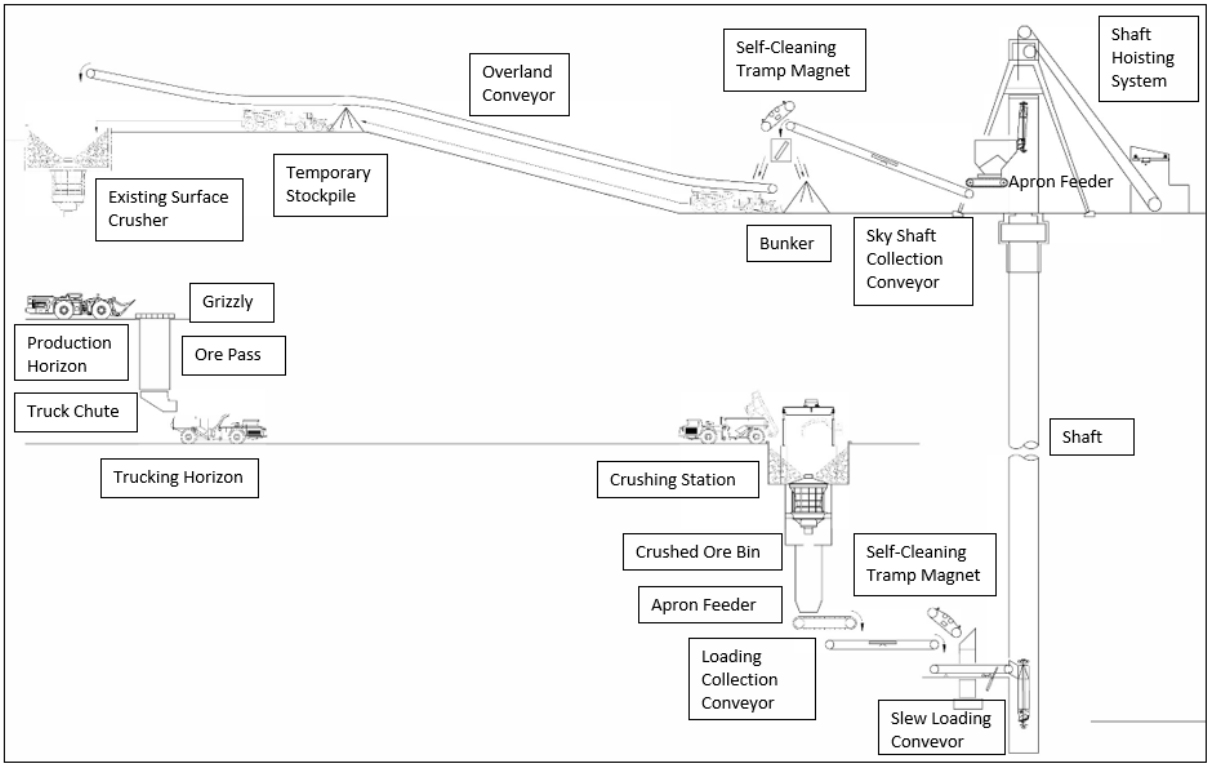

Figure 7: Proposed Underground and Surface Materials Handling System

The design of the shaft is similar to those currently in operation at other operations in Australia and allows Prominent Hill to benefit from lessons learned in the safe and efficient design, construction and operation of this infrastructure. The shaft and associated infrastructure comprise the majority of capital investment and are not expected to materially change as further Inferred Mineral Resource is converted to Ore Reserve.

Processing Plant and Surface Infrastructure

Process Plant

After an in-depth review of its suitability for reduced throughput rates, the current processing plant is assumed within the Prominent Hill Expansion Study. Work is ongoing to confirm any modifications required to align the plant capacity with the future mining rate, as well as a review of low-energy processing technology options. The Prominent Hill Expansion Study is not directly connected to, nor dependent on this ongoing work, however, the work presents potential future cost reduction and other opportunities.

Tailings Storage Facility

The Tailings Storage Facility (TSF) optimisation is an ongoing part of the existing operations as well as the expansion. The current storage facility has capacity to increase and meet the expansion production profile. Additional TSF lifts will be required with government approvals to be carried out for the increased capacity, for both this interim case and a potential strengthened case, as a variation of existing approvals.

Energy

A recently completed new transmission line will enable supply of the required electricity via the South Australian electricity grid (currently circa 50% renewables) for the proposed Prominent Hill expansion. An Energy strategy will be further developed during the remainder of the Study with a focus on optimising demand management capabilities and exploring regional renewable energy opportunities. This work is independent of the Prominent Hill Expansion Study and complements the ongoing low-cost operation of the Asset.

Water Supply and Use

At steady state, the future expanded Prominent Hill operations are assumed to use approximately 18 ML/day of water, which is similar the current operational demands. Work is underway to evaluate water recovery and reuse options with the intent to further reduce water consumption.

Emissions Intensity

Due to the proposed transition to an electrified shaft as the primary method of vertical haulage replacing diesel-fueled trucks, it has been shown that the emissions intensity of each tonne of material processed will likely decrease. A battery-powered mining fleet and low power processing technologies are also being investigated as part of the Study, along with renewable power alternatives for auxiliary infrastructure.

Regulatory Approvals

The existing regulatory approvals strategy will facilitate OZ Minerals' agile adoption of new mining methods, technologies, and innovation over an extended operational life.

Key approvals work conducted so far indicates that the existing regulatory conditions will enable the desired outcomes to be achieved. Discussions have been taking place with the Government of South Australia's Department for Energy and Mining to seek feedback on the approvals strategy for the potential Prominent Hill expansion. Key focus areas for the approvals work relates to the potential impacts associated with the TSF and any associated effect on groundwater resources.

Working with key stakeholders, including the Traditional Owners, the Antakirinja Matu-Yankunytjatjara People, and local pastoralists, is and will continue to be an ongoing focus for the project to ensure value is created for stakeholders.

Prominent Hill Expansion Summary and Execution

Key Findings

The purpose of the Prominent Hill Expansion Study is to maximise value from Prominent Hill's approximate 130 million tonnes underground copper-gold-silver Mineral Resources and explore the potential for resource upside. The Prominent Hill Expansion Study is assessing the technical and economic potential to support the installation of a 1,360 metre, 7.5 metre diameter vertical hoisting shaft at Prominent Hill operations.

Study work undertaken so far supports the business case for replacing trucking with shaft haulage, which has the potential to increase cashflow over a longer mine life for the site should resource conversion continue at historical rates.

The hoisting shaft is designed to provide access to the deeper parts of the mineralisation beyond the limits of the current mine plan Ore Reserves. Earlier access to deeper areas of the mineralisation as included in the Prominent Hill Expansion Study Update interim case schedule enable the establishment of multiple mining fronts as a precursor to lifting production rates.

Value is derived by increasing production throughput and reducing haulage costs facilitated by the switch from truck haulage to shaft haulage. In addition, the expansion enables extraction of the mineral resources that would otherwise have been sterilised.

As indicated in Figure 4, the remaining Mineral Resource and exploration targets provide further opportunity as Resource definition drilling progressively upgrades the Resource.

Project Execution

The shaft can be constructed without impeding the current sub-level open stoping operation and without requiring major rework of the existing underground infrastructure.

During the remainder of 2020 and early 2021, an execution team will be formed. The team will include subject matter experts across three key areas: shaft sinking and construction, surface and underground infrastructure, and project management. The current approach is for OZ Minerals to adopt an owner's integrated team to allow collaboration with key contractors while managing risks and cost. The decision to do so is due to the recent success of this approach at Carrapateena and the resulting capability that now exists within the OZ Minerals organisation.

The Prominent Hill Expansion Study team will continue to add skills and experience to complement the operations and expansion execution team, commensurate with advancing the project towards a final investment decision in mid-2021.

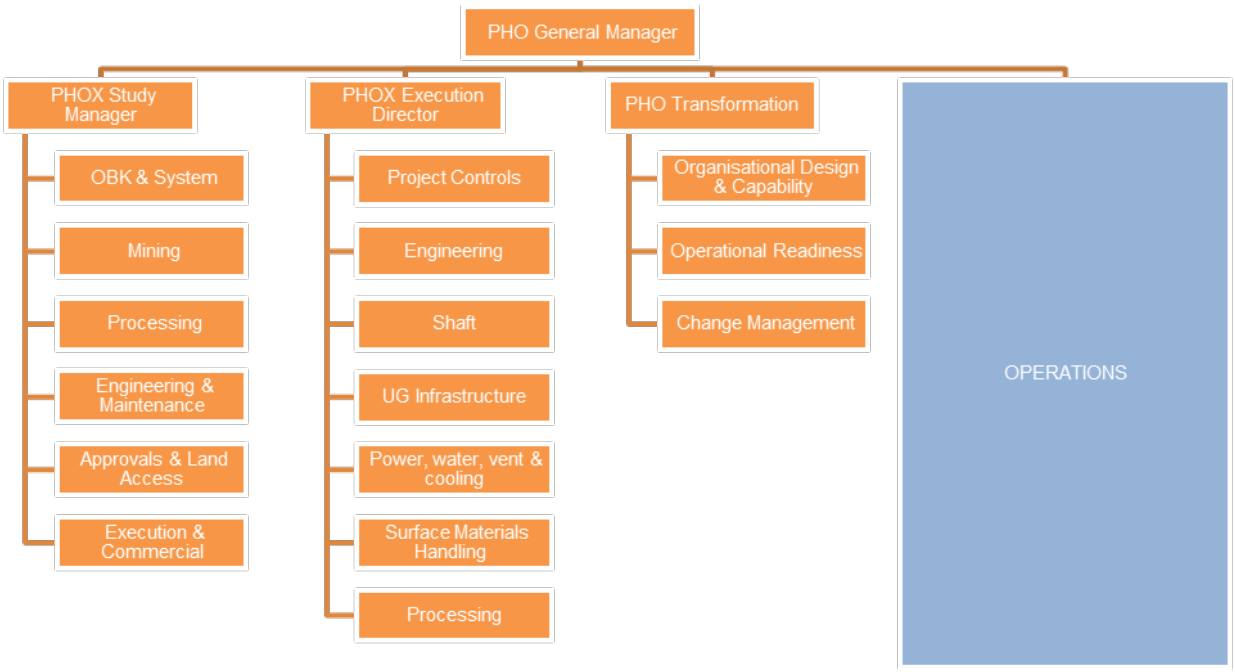

Figure 8: Proposed Expansion Study and Execution Teams' Structure

Next Steps

The Prominent Hill Expansion Study will now progress to a mid-2021 milestone with the following work packages approved as part of the $47 million in funding for early works.

- Continuation of the Resource Drilling Program in the remainder of 2020 and into 2021, which will target conversion of Inferred Mineral Resources in the Malu Mineralised Corridor.
- Finalisation of the Feasibility Study with full valuation to inform a decision on the next stage of investment funding in mid-2021.

- Engagement of the Execution Team with Contractors on key engineering and design work to inform the final design stage for critical elements of the project.
- Continued acceleration of the Prominent Hill Decline which commenced in September and with works ongoing into 2021.

Key Contributors

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