

27 June 2022

2022 copper production and cost guidance updated

- Group copper production guidance lowered due to:
 - softer start to the year due to COVID absenteeism and weather in quarter 1
 - Carrapateena affected by material handling system belt damage in the second quarter and ongoing resourcing issues
- Carrapateena copper production guidance lowered by circa 13%
- Group unit costs guidance increased due to lower volumes, attraction and retention pressure on labour, and inflationary uplifts on other inputs

OZ Minerals advises that Group annual copper production for 2022 has been adjusted to reflect the softer start to the year and further material handling system and equipment availability issues at Carrapateena. Group All In Sustaining Cost guidance has been increased by 17% due to the lower production combined with current cost inflation of circa 8%.

COVID absenteeism and flooding that affected both Australian assets during the first quarter resulted in lower first quarter production rates. Remediation programs were established at both Prominent Hill and Carrapateena.

The Prominent Hill plan is seeing quarter on quarter production improvement and annual copper production is expected to be at the lower end of the tightened full year guidance range. Carajás is on track to produce at the higher end of its unchanged guided range.

However, Carrapateena's remediation plan has been adversely impacted by further conveyor belt issues on the material handling system (resulting in a reduction of circa 4,300 tonnes of copper metal produced), as well as ongoing resourcing and supply chain issues impacting equipment availability. Ongoing cave management remains the priority with encouraging cave movement continuing during the second quarter.

A more comprehensive operational re-set plan is being established to lift production rates in the second half of the year to drive Carrapateena towards achieving a revised production guidance range of 55,000 – 61,000 tonnes of copper (lowered circa 13%). Carrapateena's longer term guidance to 2025 is unchanged.

Group unit costs have been impacted by lower production at the Australian assets and industry cost inflation circa 8% across all assets which has persisted at these higher levels into the second quarter. Key inflationary impacts were on labour, transport, fuel, explosives and ground support. The Australian assets are under a fixed price electricity contract and as a result are not currently directly affected by east coast electricity price increases.

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

“The second conveyor belt issue has frustrated delivery of Carrapateena’s remediation plan following the slower start to the year. Opportunities have also been identified in a re-set plan to achieve greater operational consistency and reliability, including improving equipment availability and resourcing. At Carrapateena we continue to balance short term production goals while prioritising cave management to preserve and maximise the mine’s multi-decade value.

“Prominent Hill production has increased thus far, quarter on quarter, as their remediation plan begins to take effect and, pleasingly, the Carajás East hub is outperforming expectations.”

GUIDANCE	2022			
	PROMINENT HILL	CARRAPATEENA	CARAJÁS	TOTAL
Copper Production (tonnes)	55,000-62,000 ↓ <i>(55,000-65,000)</i>	55,000-61,000 ↓ <i>(62,000-72,000)</i>	10,000-12,000	120,000-135,000 ↓ <i>(127,000-149,000)</i>
Gold Production (ounces)	125,000-135,000	75,000-85,000	8,000-10,000	208,000-230,000
Underground Ore Movement (Mt)	4.5-5.0	4.5-5.0	0.6-0.8	
Sustaining Capital Expenditure (A\$M)				
- Mine Development	20-30	10-15	4-6	34-51
- Site	35-45	10-15	6-8	51-68
Growth Capital Expenditure (A\$M)				
- Mine Development	70-75	80-90	15-20	165-185
- Other	220-230	285-295	35-40	540-565
AISC (US c/lb) ¹	175-195 ↑ <i>(155-175)</i>	135-155 ↑ <i>(95-110)</i>	235-245	160-180 ↑ <i>(135-155)</i>
C1 Costs (US c/lb) ¹	100-115 ² ↑ <i>(90-100)</i>	100-115 ² ↑ <i>(70-80)</i>	150-160	105-120 ↑ <i>(85-95)</i>
Exploration (A\$M)				30-40
Project studies to next stage gate (A\$M)				85-105 ³

Note: Changes to guidance reflect updates in this announcement. Figures in brackets denote previously issued guidance.

- 1 Average AUD/USD exchange of 0.73 has been used in converting A\$ costs to US\$ and assumed gold price of US\$1,812/oz for C1 and AISC guidance.
- 2 Australian dollar denominated costs benefit by ~US2.5c per US1c reduction in the AUD/USD exchange rate.
- 3 Reflects anticipated expenditure on Board approved studies to their next milestone. It is expected ~20% of expenditure will be expensed in the current year. Should the Board approve a project to proceed to a further milestone, additional funds will be incurred and guidance will be updated as required.

This announcement is authorised for market release by the OZ Minerals' Board.

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Forward Looking Statements

This release has been prepared by OZ Minerals. It should be read together with the Company's other announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au. This release contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward looking statements are subject to a range of risk factors. OZ Minerals cautions against reliance on any forward-looking statements or guidance in this release, particularly in light of current economic climate and significant volatility, uncertainty and disruption arising in connection with COVID-19. These forward looking statements and guidance are based on information available as at the date of this release and are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control and which may cause actual results to differ materially from those expressed in the statements contained in this release.

Production Targets Cautionary Statement

Each of the Production Targets referred to in this presentation were initially reported in the following market announcements:

- / Carrapateena ASX announcement headed "[Carrapateena Expansion creates significant value uplift and unlocks long-life mining province](#)" dated 23 June 2020
- / Prominent Hill ASX announcement headed "[Green Light for Prominent Hill Wira Shaft Mine Expansion](#)" dated 18 August 2021
- / Carajás East ASX announcement headed "[Carajás Hub strategy gains pace](#)" dated 28 November 2019

OZ Minerals confirms that all the material assumptions underpinning each of the Production Targets cited in the initial announcement listed above continue to apply and have not materially changed.