

1 APRIL 2009

# ASX Release

## Proposed transaction with Minmetals



Following the announcement by the Treasurer of the Commonwealth of Australia on 27 March 2009 that he would not approve the proposed takeover of OZ Minerals by China Minmetals Non-ferrous Metals Company Limited ("**Minmetals**") if Prominent Hill was part of the transaction, OZ Minerals today announces that it has negotiated commercial terms for a transaction ("**Transaction**") involving the sale of certain assets to Minmetals. The parties have signed a term sheet and are now working towards the execution of a sale and purchase agreement.

The proposed Transaction, which will require the approval of OZ Minerals' shareholders, involves the sale by OZ Minerals of Sepon, Golden Grove, Century, Rosebery, Avebury, Dugald River, High Lake, Izok Lake and certain other exploration and development assets to Minmetals for US\$1,206 million (equivalent to approximately A\$1,750 million at current exchange rates) including any applicable GST.

OZ Minerals will retain Prominent Hill, Martabe, specific exploration assets in Cambodia and Thailand and its listed equity interests (including its interest in Toro Energy). If OZ Minerals retires all its debt (except for the Convertible Bonds on issue), it is expected to also have a cash balance of approximately A\$600 million immediately upon completion of the Transaction.

Barry Cusack, Chairman of OZ Minerals, said:

"While this is a structurally different proposal to the previous cash proposal from Minmetals of 82.5 cents per share, we believe it represents an attractive offer for OZ Minerals and our shareholders. Importantly, it also provides a complete solution to OZ Minerals' refinancing issues."

Andrew Michelmore, Managing Director and CEO of OZ Minerals, added:

"This structure also allows OZ Minerals' shareholders to retain full ownership of Prominent Hill, which has now commenced production and is expected to become cash flow positive during the second half of 2009. Prominent Hill has significant upside potential, and OZ Minerals will have the financial capacity to continue its development. Shareholders will now be able to retain full exposure to the long-term growth profile of Prominent Hill."

The sale price assumes the businesses are purchased on a "cash free, debt free" basis and assuming normal levels of working capital. OZ Minerals is expected to retain all existing cash and debt obligations, and intends to use part of the cash proceeds to pay down most or all of its debt facilities.

The parties have entered into an Exclusivity Deed, which will operate until 13 April 2009. This Deed obliges the parties to use best endeavours to agree formal legal agreements for the asset sales and grants Minmetals exclusivity in relation to corporate transactions involving OZ Minerals until 13 April 2009 (other than the Martabe Gold Project).

The sale and purchase agreement will also contain customary deal protection measures, including exclusivity and a break fee.

If binding Transaction documentation is entered into, OZ Minerals' shareholders will be asked to vote on an ordinary resolution in respect of the proposed asset sales at a meeting of shareholders. Shareholders will be sent explanatory materials, including an Independent Expert's Report, to assist them in considering this resolution. Subject to the regulatory approvals and the shareholder vote, completion of the proposed Transaction is expected in June 2009.

Key conditions required to be satisfied include:

- execution of Board-approved formal legal documentation, including a sale and purchase agreement
- confirmation of binding financing commitments from Minmetals' financiers
- Australian Government approvals, including Foreign Investment Review Board and Australian Competition and Consumer Commission
- PRC Government approvals, including National Development and Reform Commission, Ministry of Commerce, State Administration of Foreign Exchange and the State-Owned Assets Supervision and Administration Commission
- no material adverse change in respect of the assets to be sold
- approval by OZ Minerals' shareholders

Indicative timetable:

Execution of binding agreement	By 13 April 2009
Key regulatory and financing approvals	By early May 2009
Shareholder meeting	May / June 2009
Completion	June 2009

Separately, OZ Minerals' lenders have confirmed that they have agreed to extend the refinancing date for certain of OZ Minerals' lending facilities that were due for repayment on 31 March until 30 April 2009 subject to a number of conditions subsequent that must be satisfied on or shortly following the date of this announcement. The Company continues to work with its lenders to ensure that all conditions subsequent will be satisfied within the respective periods allowed. The Company does not require any additional finance facilities for the period of the extension.

OZ Minerals will request that its shares be removed from voluntary suspension and resume normal trading on 1 April 2009. The Company will conduct a webcast briefing regarding this announcement via its website [www.ozminerals.com](http://www.ozminerals.com) at 11am today.

OZ Minerals is being advised in this transaction by Caliburn Partnership, Goldman Sachs JBWere and Freehills.

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