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ASX Release

Sale implementation agreement signed with Minmetals



As previously announced on 1 April 2009, OZ Minerals and China Minmetals Non-ferrous Metals Co. Limited ("**Minmetals**") agreed on the commercial terms for a sale to Minmetals of certain of OZ Minerals assets – excluding Prominent Hill and Martabe – for US\$1,206 million.

OZ Minerals today announces that both companies have now signed a formal sale implementation agreement detailing final terms of this proposed transaction.

"We are pleased that we have now agreed binding terms with Minmetals. Once implemented, this transaction will provide a complete solution to our financing issues and see shareholders retain their OZ Minerals shares and therefore exposure to the Prominent Hill operation and its long-term growth profile," said OZ Minerals Managing Director and CEO Andrew Michelmore.

Subject to regulatory approvals, both parties are aiming for completion of the transaction in mid/late June 2009.

Shareholders will be asked to vote on an ordinary resolution to approve the proposed transaction at OZ Minerals' Annual General Meeting on or about 12 June 2009. ASIC has granted approval to extend the date by which the OZ Minerals Annual General Meeting must be held to 30 June 2009 in order to allow shareholders to vote on the resolution regarding the Minmetals transaction at the time of the Annual General Meeting. Shareholders will be sent explanatory materials, including a summary of an Independent Expert's Report, to assist them in considering this resolution.

Refinancing update

On 31 March 2009, OZ Minerals' lenders confirmed that they 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. This was subject to a number of conditions subsequent which have now been satisfied. The Company continues to work with its lenders to achieve a further extension to its lending facilities to enable completion of the Minmetals transaction. The Company will also work with its lenders to obtain any necessary approvals under its facilities in connection with the entry into, and implementation of, the Minmetals transaction.

About the transaction

The proposed transaction 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. 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).

Consistent with a sale of businesses on a "cash free, debt free" basis and based on normal levels of working capital, the actual amount received by OZ Minerals at completion of the transaction will be subject to certain adjustments related to the working capital, net debt and agreed tax liabilities of the assets sold to Minmetals. These adjustments will be calculated as at month end prior to completion date.

After taking into account exchange rate movements since its previous announcement of 1 April 2009 and other adjustments resulting from final negotiations with Minmetals, OZ Minerals expect to also retain a cash balance of approximately A\$500 million immediately upon completion of the transaction, assuming that it retires all its debt (except for the Convertible Bonds on issue).

Indicative timetable

Key regulatory and financing approvals	Around mid May (and no later than two weeks prior to the Annual General Meeting)
Shareholders receive explanatory materials and proxy forms	On or about 12 May 2009
Annual General Meeting	On or about 12 June 2009
Completion	Mid/late June 2009

Summary of key conditions of the sale implementation agreement

Key conditions which remain to be satisfied include:

- confirmation of binding financing commitments from Minmetals' financiers
- Foreign Investment Review Board approval
- Chinese 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 being an event which has the impact of, or may give rise to a claim which (a) diminishes the consolidated net assets of the businesses being acquired or (b) has sufficient impact on net profit after tax of the businesses being acquired to diminish NPV (calculated using 10% nominal discount rate), in each case taken as a whole, by at least US\$50 million. This excludes changes arising as a result of a change in general economic, business or political conditions, securities markets, interest rates, exchange rates or commodities prices, and events or matters that are fairly disclosed or that took place with the written consent of Minmetals; and
- approval by OZ Minerals' shareholders

The agreement also includes exclusivity provisions, including:

(a) OZ Minerals must not solicit or participate in any discussions or provide any information with respect to a proposal by any person to make a competing transaction (which is defined to include a sale of any material asset of the Company (other than Martabe, exploration assets in Cambodia and Thailand and certain equity investments), an acquisition of more than 20% of the shares of the Company or an acquisition from the Company of rights which convert into, or other relevant interests in, more than 10% of the Company's fully diluted share capital). However, the Company may undertake any act if the OZ Minerals Board has received financial advice that the competing transaction would be superior to the Minmetals transaction (having regard to their respective terms and conditions), and not undertaking that act would be likely to constitute a breach of the OZ Minerals directors' duties or would otherwise be unlawful (after receiving advice to that effect from a major Australian law firm).

(b) OZ Minerals has agreed to pay a break fee to Minmetals of US\$12.06m, which represents 1% of the purchase price, if:

- OZ Minerals breaches its no-talk or no-shop obligations described above and a competing transaction is completed within 12 months;
- OZ Minerals shareholders fail to pass the resolution to approve the transaction;
- the OZ Minerals Board or any current Board member does not recommend the transaction or withdraws its recommendation; or
- any OZ Minerals director appointed after the date of the agreement does not recommend the transaction and, in Minmetals' reasonable opinion, this would adversely affect the likelihood of shareholder approval.

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

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