

OPERATIONS SERVICES



11 March 2011

Mr Chris Pattas
Australian Energy Regulator
General Manager – Network Regulation South
GPO Box 520
Melbourne VIC 3001

Olympic Dam
PO Box 150
Roxby Downs SA 5725

Tel +61 8 8671 8122
Fax +61 8 8671 0505
www.bhpbilliton.com

Dear Mr Pattas,

**2011-12 DISTRIBUTION LOSS FACTOR APPROVAL PROCESS FOR OZ MINERALS
PROMINENT HILL NETWORK SERVICE PROVIDER**

The OZ Minerals Prominent Hill electricity supply is connected to the BHP Billiton 132kV network at Olympic Dam. No other customer is supplied from this connection. The conditions of supply at this connection point are governed by a Connection and Access Agreement ("CAA"), negotiated between BHP Billiton Olympic Dam Corporation and OZ Minerals (formerly Oxiana).

A Distribution Loss Factor ("DLF") of 1.056 for this connection point has been fixed in the CAA for the life of the CAA. The CAA will end in July 2018 (if not terminated earlier). The DLF was calculated in accordance with the attached methodology.

To verify the CAA and the DLF of 1.056 continues as stated, I attach a recent letter from OZ Minerals confirming this.

On this basis I request you approve a 2011/12 DLF of 1.056 for the Prominent Hill connection point. As this factor has been mutually agreed between OZ Minerals and Olympic Dam Corporation I trust an independent assurance/certification is not necessary.

Yours sincerely

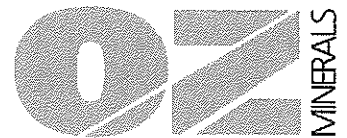
A handwritten signature in black ink, appearing to be 'Peter Lindner', written over a light blue horizontal line.

Peter Lindner
Manager - Infrastructure, Olympic Dam

Cc: Brian Kilgariff, OZ Minerals

10 March 2011

Manager - Infrastructure
BHP Billiton Olympic Dam Corporation
PO Box 150
Roxby Downs SA 5725



Dear Peter

BHP Billiton Olympic Dam Corporation - OZ Minerals Pty Ltd Connection and Access Agreement and Distribution Loss Factor

As requested, I am writing to confirm that the Connection and Access Agreement mutually agreed between BHP Billiton Olympic Dam Corporation and OZ Minerals (formerly Oxiana Pty Ltd) which commenced in July 2008 continues and has not been terminated.

More specifically, I confirm that the Prominent Hill Distribution Loss Factor as fixed in that Agreement remains at 1.056 and that no changes to this figure have been agreed.

Regards

A handwritten signature in black ink that reads 'Brian Kilgariff'. The signature is written in a cursive, flowing style.

Brian Kilgariff

General Manager Prominent Hill Operation

METHODOLOGY FOR CALCULATING DISTRIBUTION LOSS FACTORS (DLF) FOR SUPPLY FROM THE BHP BILLITON OLYMPIC DAM OPERATIONS ELECTRICITY SUPPLY SYSTEM

Background

Under the terms of its exemption to register as a Network Service Provider under the NER, BHP Billiton Olympic Dam Operations (ODO) is required to connect third parties to its electricity supply system on fair and reasonable terms. In connecting third parties ODO must consider the impact of the additional electrical losses caused by the third party. The fundamental consideration is that ODO will be no worse off as a result of the new connection.

The existing ODO metering installation is located at Davenport Substation some 260 km electrical distance from the Olympic Dam installation. As a consequence, it is necessary to apply a Distribution Loss Factor (DLF) to any party that connects to the Olympic Dam electricity infrastructure that takes into account the increases in losses that are attributable to that connection. Because of the “no-harm” requirement this involves determining the marginal increase in electrical losses and attributing these to the connecting party.

DLF Calculation Methodology

The following methodology has been used to calculate the DLF for the Oxiana metering installation which is located at the Olympic Dam West substation.

1. The ODO load is set at its June 2007 Agreed Maximum Demand (AMD) of 125 MW at Davenport and the line losses associated with the ODO electricity supply system calculated from a load flow analysis.
2. The Oxiana load is set at its AMD of 48.5 MW at Olympic Dam West and the total load supplied at from the ODO connection point recalculated using load flow analysis
3. The incremental load supplied from the ODO connection point at Davenport attributable to the Oxiana connection at Olympic Dam is determined by subtracting the ODO AMD of 125 MW from the total load (including incremental losses)
4. The DLF for the Oxiana load is calculated by dividing the attributable Oxiana load plus losses determined in step 3 by the Oxiana AMD of 48.5 MW
5. No DLF weightings are applied because of the high load factors of both ODO and Oxiana and the forecast lack of load diversity between the two sites
6. The DLF calculated using this methodology is 1.056. This DLF will remain unchanged until such time as Oxiana request a change in AMD.