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ASX Release

Half-year financial results to June 30 2009



Half year to June 30 2009 Financial Results Summary

	A\$ million
Revenue from Prominent Hill	89.6
Revenue from discontinued operations	764.9
Total revenue	854.5
EBIT	
Prominent Hill	19.4
Exploration and corporate expenses	(62.7)
Discontinued operations sold	99.4
Total EBIT	56.1
Net financial expense	(95.7)
Income tax benefit	12.8
Net loss on sale of assets	(553.9)
NPAT	(580.7)
Cash balance at 30 June	1,004.5
Convertible bond face value	US\$105 million

Highlights

- Strong performance from OZ Minerals' Prominent Hill operation - A\$19.4 million EBIT for the period since 1 May 2009.
- Healthy balance sheet, with cash balance of A\$1,004.5 million (largely held in US\$) at the end of the period.
- Profit impacted by losses on the sale of assets to Minmetals, costs associated with refinancing and transaction costs.
- Company's financing issues resolved and all bank loans repaid in full.

NB All figures in A\$ unless otherwise stated.

Important note

On 16 June 2009, OZ Minerals sold its interests in the Century, Golden Grove, Rosebery and Sepon operations, the Avebury asset and certain other exploration and development assets to China Minmetals Non-Ferrous Metals Co., Ltd (Minmetals). Financial close of the transaction was 31 May 2009. As such, results reported herein include only five months contribution from the assets that have now been sold to Minmetals. OZ Minerals retained the Prominent Hill operation which commenced production in February and formal operations in May. During the commissioning period until the end of April, revenue from Prominent Hill was capitalised, and hence revenue from Prominent Hill contributed to earnings for May and June only.

Please also note that Oxiana Limited acquired Zinifex Limited on 1 July 2008 and subsequently changed its name OZ Minerals. In doing so, the Company increased its number of operating mines from two to five. As such the previous corresponding period is not directly comparable.

Discussion of the results

While OZ Minerals ended the half year to 30 June 2009 in a strong financial position, the six months was a period of great change for the Company. At the beginning of 2009 the Company was facing severe financial uncertainty as it dealt with the refinancing of its bank loans. By 30 June this uncertainty was resolved with the sale of assets to Minmetals for US\$1,386 million, which allowed the Company to repay all of its bank loan facilities. In addition, OZ Minerals completed commissioning and commenced formal operation of the new Prominent Hill operation and sold the Martabe project in Indonesia for US\$211 million. By 30 June the Company had a cash balance of A\$1,004.5 million (largely held as US\$) and debt in the form of convertible bonds with a face value of US\$105 million.

OZ Minerals has retained the Prominent Hill operation and surrounding exploration leases, exploration assets in Cambodia and Thailand and its listed equity interests. A major highlight of the period was the completion of construction and successful commencement of production from Prominent Hill. Production from Prominent Hill contributed to two months of the first half's earnings and a commendable A\$19.4 million profit before tax was realised. Prominent Hill is on schedule to reach its production guidance for the remainder of 2009 and the outlook for the price of copper is considered to be the most attractive of all base metals.

Operations sold during the period recorded a net profit after tax of A\$63.1 million for the five months, which was down on the previous half due largely to lower commodity prices.

A net financial expense of A\$95.7 million was incurred during the period related largely to bank loan facilities and refinancing activities.

Overall, the Group recorded a net loss of A\$580.7 million primarily due to a A\$553.9 loss on the sale of assets, together with lower revenue from operations and costs associated with the refinancing and asset sales transactions.

Capital expenditure of A\$285 million for the half was mainly directed to completion of construction of the Prominent Hill operation, mine development at Century and construction at the Martabe project. In the second half of 2009 capital expenditure will be significantly lower.

Shortly after completion of the asset sales to Minmetals, the Board approved the resumption of expenditure on suspended feasibility studies into underground mining at Prominent Hill and on exploration at Prominent Hill and in Cambodia.

Commodity prices

Sales of copper and zinc were the largest contributors to the Company's revenue. While commodity prices improved throughout the period copper prices were on average 50% lower than the same period last year. Similarly, zinc prices were on average 42% lower than the same period last year.

The Company's revenue going forward will be predominantly influenced by the price of copper and, to a lesser extent, gold.

Operations

OZ Minerals only continuing operation, Prominent Hill, successfully completed its commissioning and commenced production during the period. Revenue from Prominent Hill began to contribute to earnings from 1 May 2009, and in the two months to the end of the period the operation generated revenue of A\$89.6 million and realised a net profit before tax of A\$19.4 million, notwithstanding the fact that the operation was still in its ramp-up phase.

Discontinued operations, being those sold to Minmetals, were impacted by lower commodity prices but recorded an A\$63.1 million net profit after tax for the period. A concerted cost reduction program saw costs of production lower from each operation.

Asset Sales

On 16 June 2009, OZ Minerals sold its interests in the Century, Golden Grove, Rosebery and Sepon operations, the Avebury asset and certain other development and exploration projects to Minmetals for US\$1,386 million. This transaction enabled OZ Minerals to repay all of its bank loans.

Separately, the Company also sold the Martabe gold-silver project in Indonesia, which was in the early stages of construction, to China Sci-Tech for US\$211 million plus reimbursement for certain expenditure between April 1 2009 and completion of the transaction.

Income statement

The group recorded a net loss of A\$580.7 million for the period, primarily due to the loss recorded on the sale of assets of A\$553.9 million.

A profit before tax of A\$19.4 million was recorded for the first two months of production at Prominent Hill.

Discontinued operations contributed an A\$63.1 million net profit after tax.

Financing expenses associated with the Company's refinancing activities, which were largely non-recurring, totalled A\$96.6 million.

Cash flow

Cash in-flows primarily included revenue from operations of A\$843.5 million and proceeds from asset sales of A\$2,035.5 million.

Major uses of cash during the period were repayment of the Company's bank loans of A\$987 million, expenditure on the completion of construction at the Prominent Hill operation, mine development at Century and construction at the Martabe project of A\$285 million and on expenses associated with the refinancing and transactions.

Balance sheet

The Company's balance sheet ended the period in a healthy position. As at 30 June OZ Minerals held a cash balance of A\$1,004.5 million, predominantly in the form of US\$.

All bank loans were repaid on 16 June 2009. OZ Minerals continued to have debt in the form of convertible bonds with a face value of US\$105 million and also held a bank facility to provide letters of credit of approximately A\$20 million, which are principally to meet the Group's mining regulatory obligations and are fully secured.

Dividends

Given negative earnings, together with negative retained earnings as at 30 June 2009, the Board resolved not to pay a dividend.

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