

OZ MINERALS

2009 HALF YEAR FINANCIAL RESULTS

27 August 2009

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All figures are expressed in Australian dollars unless stated otherwise.

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OZ MINERALS – STRONG FINANCIAL POSITION

- > Strong performance from Prominent Hill - A\$19.4 million EBIT since formal operations commenced on 1 May 2009.
- > Healthy balance sheet - A\$1,004.5 million cash at 30 June 2009.
- > Group earnings impacted by losses on sale of assets, costs associated with refinancing and asset sale transaction costs.
- > Refinancing resolved and all bank loans repaid in full.

FINANCIAL SUMMARY

	A\$m
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 expenses	(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 note face value	US\$105 million

OPERATING SEGMENT - PROMINENT HILL MINE

TWO MONTHS

(A\$m)	H1 Jun '09
Revenue	89.6
Cost of goods sold	(26.6)
Net foreign exchange gains/losses	(16.9)
Other	(5.9)
EBITDA	40.2
Depreciation and amortisation	(20.8)
EBIT	19.4

COMMODITY PRICES IMPROVING BUT STILL LOWER YEAR ON YEAR



INCOME STATEMENT - SUMMARY

(A\$m)	Prominent Hill Mine	Total Continuing Operations	Total Discontinued Operations*	Group
Revenue	89.6	89.6	764.9	854.5
Cost of goods sold	(26.6)	(60.4)	(436.7)	(497.1)
Net foreign exchange gains/losses	(16.9)	(20.7)	(17.3)	(38.0)
Other	(5.9)	(29.9)	(54.6)	(84.5)
EBITDA	40.2	(21.4)	256.3	234.9
Depreciation and amortisation	(20.8)	(21.9)	(156.9)	(178.8)
EBIT	19.4	(43.3)	99.4	56.1
Net financing income/(costs)		(90.0)	(5.7)	(95.7)
Income tax benefit/(expense)		43.4	(30.6)	12.8
NPAT (Before loss on sale of discontinued operations)		(89.9)	63.1	(26.8)
Loss on sale of discontinued operations after income tax		-	(553.9)	(553.9)
NPAT		(89.9)	(490.8)	(580.7)
Attributable to:				
Equity holders of the parent				(585.6)
Minority interest				4.9
				(580.7)

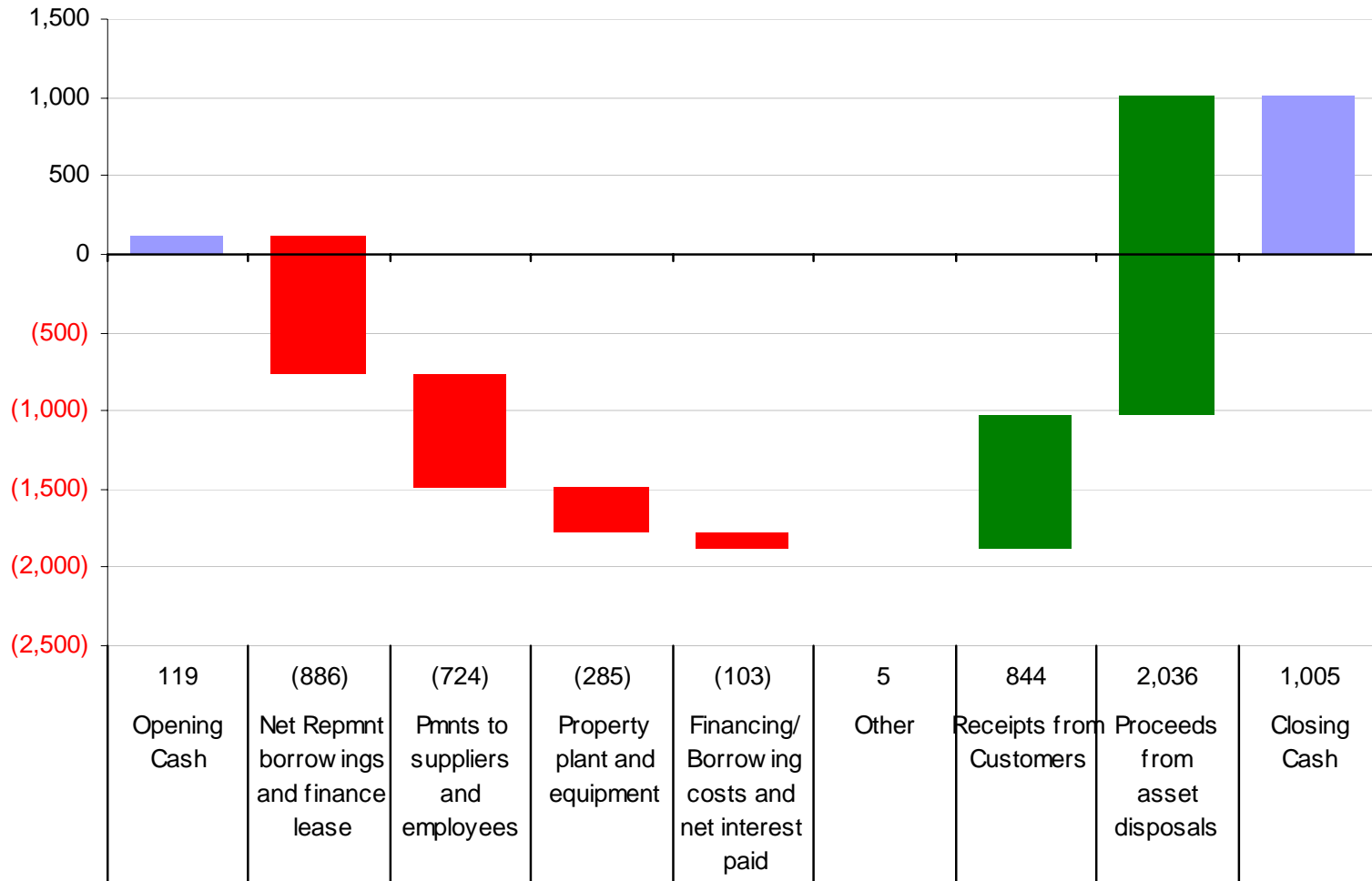
* includes minority interests



CASH FLOW FIRST HALF 2009

(A\$m)

CASH FLOW FOR THE HALF YEAR ENDED 30th JUNE 2009



PROMINENT HILL CONCENTRATE SALES

- > Concentrate sales in H109 were in line with plan.
- > All sales within contract specifications with high copper content and low impurities.
- > Spot TC/RC's down significantly over the period.
- > 2009 H2 TC's are mostly at term 2009 contract rates with some deliveries at lower spot rates.
- > 2010 TC rate yet to be set.
- > Ongoing, strategy is to secure 90% of production under long term contract.

	Tonnes of concentrate contracted	% of anticipated total production
6 months to December 2009	95KDMT	85%*
12 months to Dec 2010	165KDMT	75%*

* Balance to be sold under new contracts or on spot market



TAX STATUS

- > Tax losses booked – The net deferred tax asset (DTA) of A\$188.7 million includes DTA of A\$231.4 million (in respect of tax losses of A\$771.3 million) netted against deferred tax liabilities.
- > These A\$771.3 million in tax losses will eliminate future cash tax payments on taxable income in the cash flow statement.
- > No franking credits currently available and no franking credits generated until these tax losses are exhausted.
- > Tax expense at the full corporate tax rate (30%) will continue to be accounted in the income statement.
- > No booking of DTA in respect of tax losses introduced into the consolidated group by acquired entities.

DEPRECIATION

- > Carrying value of Prominent Hill \$A 1,267m
- > Current Life of Mine 9 Years
- > Depreciation method
 - > **Mine Property & Mine Development** UOP (Units of Production ie ore mined) Amortisation is based on Proven and Probable Reserves. Includes pre strip and capitalised exploration.
 - > **Fixed Processing Plant & Equipment** Straight-line depreciation using the shorter of the individual assets estimated useful life or the Life of Mine (9 years). We are revisiting the depreciation basis going forward; to be advised.
 - > **Other Long Term Assets** - LOM (Life of Mine) straight-line depreciation method over the life of the entire operation (9 years).
- > Deferred waste expense
 - > **Stripping costs** while in production, are deferred to “deferred mining assets” on the balance sheet when the actual stripping ratio exceeds average LOM stripping ratio. This is charged to the income statement as an operating cost when the ratio is below the life of mine average.

BALANCE SHEET - SUMMARY

(A\$m)	Consolidated Jun '09
Assets	
Cash	1,004.5
Receivables	129.8
Inventory	175.6
Tax Assets	188.7
Other	44.3
Property plant & equipment	1,287.2
Total Assets	2,830.1
Liabilities	
Creditors	164.0
Interest bearing liabilities	121.0
Tax liabilities	25.2
Provisions	22.1
Total Liabilities	332.3
Net Assets	2,497.8

CASH/DEBT SUMMARY

- > Cash position A\$ 1,004.5 million
 - > Cash held largely in US\$ at 30 June (attracting US LIBOR rates).
- > Convertible bond terms
 - > Face value US\$ 105 million
 - > Interest - 5.25% p.a. payable semi-annually in arrears.
 - > Maturity Date – 15th April 2012 (Unless redeemed or converted earlier).
 - > Classified as 'Current Liability' due to 1 day option by bond holders on 15th April 2010.

SENSITIVITY – EFFECT ON H2 2009 NPAT*

	Price	(A\$m)
10 % Increase	Copper	27
	Gold	3
10 % Decrease	AUD : USD	20

* Based on previous production and cost guidance and assuming flat spot prices at 30 June - Copper US\$2.32/lb, Gold US\$941.00/oz, A\$:US\$ 0.8074

SUMMARY

- > Refinancing issues resolved
- > Strong first two months of financial contribution from Prominent Hill
- > Healthy cash balance
- > Low debt
- > Feasibility studies and exploration recommenced

APPENDICES



CASH FLOW STATEMENT - DETAILED

(A\$m)	Consolidated 30 Jun '09
Cash flows from operating activities	
Receipts from customers	843.5
Payments to suppliers and employees	(724.4)
Income taxes refund received/(paid)	20.5
Financing costs and interest paid	(88.9)
Interest received	0.9
Net cash inflows/(outflows) from operating activities	51.6
Cash flows from investing activities	
Payments for property, plant and equipment	(285.0)
Proceeds from disposal of assets to Minmetals	1,731.3
Proceeds from disposal of Martabe projects	268.6
Proceeds from disposal of investment in Nyrstar	33.7
Proceeds from disposal of other investments	1.9
Payments for capitalised borrowing costs	(15.0)
Net cash inflows/(outflows) from investing activities	1,735.5
Cash flows from financing activities	
Proceeds from borrowings	121.5
Repayments of borrowings	(987.0)
Repayment of finance lease liabilities	(20.0)
Payments for shares purchased on-market	(0.1)
Net cash inflows/(outflows) from financing activities	(885.6)
Net increase/(decrease) in cash held	901.5
Cash and cash equivalents at 1 January	118.8
Effects of exchange rate changes on foreign currency denominated cash	(15.8)
Cash and cash equivalents at the end of the financial period	1,004.5

BALANCE SHEET - DETAILED

(A\$m)	Consolidated 30 Jun '09
Current assets	
Cash and cash equivalents	1,004.5
Trade and other receivables	129.8
Inventories	175.6
Prepayments	3.0
Total current assets	1,312.9
Non-current assets	
Investments accounted for using the equity method	27.1
Property, plant and equipment	1,287.2
Deferred tax assets	188.7
Other financial assets	14.2
Total non-current assets	1,517.2
Total assets	2,830.1
Current liabilities	
Trade and other payables	164.0
Interest-bearing liabilities	121.0
Current tax payable	25.2
Provisions	6.6
Total current liabilities	316.8
Non-current liabilities	
Provisions	15.5
Total non-current liabilities	15.5
Total liabilities	332.3
Net assets	2,497.8
Equity	
Issued capital	5,107.1
Reserves	124.1
Retained earnings	(2,733.4)
Total equity attributable to equity holders of the parent	2,497.8
Minority interest	0
Total equity	2,497.8

RECONCILIATION OF CASH FLOW TO FINANCING EXPENSES

For the Half Year ended 30th June 2009		A\$m
Cash flow		
Cash Flow from operating activities - financing Costs and interest paid		(88.9)
Cash Flow from investing activities - Capitalised borrowing costs		(15.0)
Total financing costs in Cash Flow		(103.9)
Non cash charge to P&L - amortised interest on convertible note		(1.7)
Removed from P&L - Capitalised interest		15.0
P&L continuing operations - Financing expense		(90.6)
Non cash charge to P&L - Mine rehabilitation unwind of discount		(6.0)
P&L - Total Financing expense for Group		(96.6)

CHANGE IN CARRYING VALUE OF ASSETS

(A\$m)					
Item	Book Value	Disposal/ Proceeds	FCTR/Other/ Minorities	Profit/Loss on Sale	Tax Effect
Investments					
Nyrstar	33.7	33.7	0	0	0
Projects/Operations					
Martabe	172.6	268.6	(32.0)	64.0	0
China Minmetals Non-ferrous Metals Co., Ltd	2,285.8	1,731.3	(63.4)	(617.9)	0

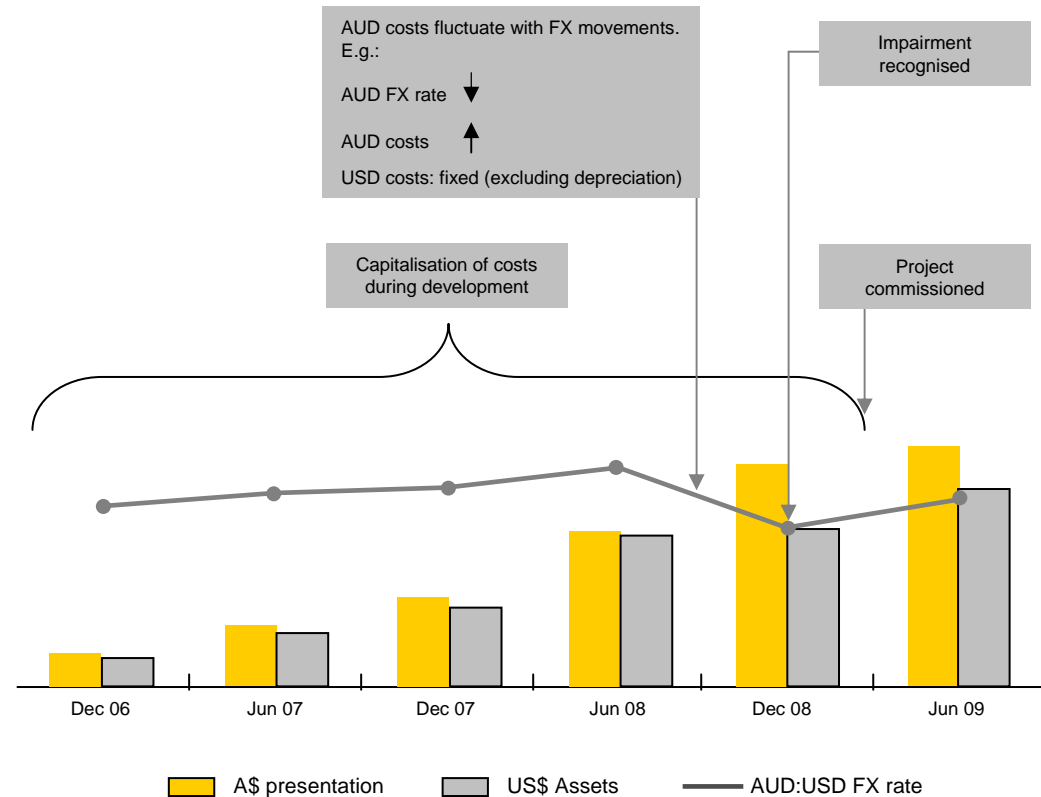
ASSET HELD FOR SALE & DISCONTINUED OPERATIONS/DEPRECIATION IMPACT

The following table summarises when the assets sold during the six months ended 30 June 2009 met the 'held for sale' criteria, together with the impact on depreciation.

Operations	Classified as held for sale as 31 Dec 08	Date on which it met the held for sale criteria during the period	Depreciation impact
Prominent Hill	YES	No longer met the held for sale criteria on 1 April 09 when the revised Minmetals offer was announced	Depreciation for Prominent Hill only commenced from 1 May 09 with start of operations. It is depreciated from that date.
Assets sold to Minmetals:			
Golden Grove and Rosebery	YES	Continued to meet the held for sale criteria from 31 Dec 08 to date of sale	No depreciation expense recognised for the current period
Other assets sold to Minmetals	NO	Met the held for sale criteria when the shareholder approval was obtained on 11 June 09	These assets have been depreciated for the 5 months until disposal
Martabe	YES	Continued to meet the held for sale criteria from 31 Dec 08 to date of sale	No depreciation expense recognised for the current period
Investment in Nyrstar	YES	Continued to meet the held for sale criteria from 31 Dec 08 to date for sale	This investment did not attract any depreciation.

PROMINENT HILL FUNCTIONAL CURRENCY IMPLICATIONS

- > At 30 June 09 Prominent Hill construction was substantially complete, resulting in total capitalised costs (including inventory) of approximately \$1.5 billion (US\$1.2 billion).
- > As Prominent Hill is a USD functional currency entity, all AUD spend on the project is translated to USD at the exchange rate at the date on which the expenditure is recognised.⁽¹⁾
- > As OZ Minerals presents its financial statements in AUD, the Prominent Hill USD ledger is re-translated into AUD for group consolidation purposes.⁽²⁾ The resulting impact from these exchange rate translations are recorded in the Foreign Currency Translation Reserve (FCTR).
- > The impact of presenting in AUD is that the project costs carried as an asset (property, plant and equipment) and inventory in the financial statements will fluctuate depending on the AUD:USD exchange rate movements. This is demonstrated by the chart to the right:



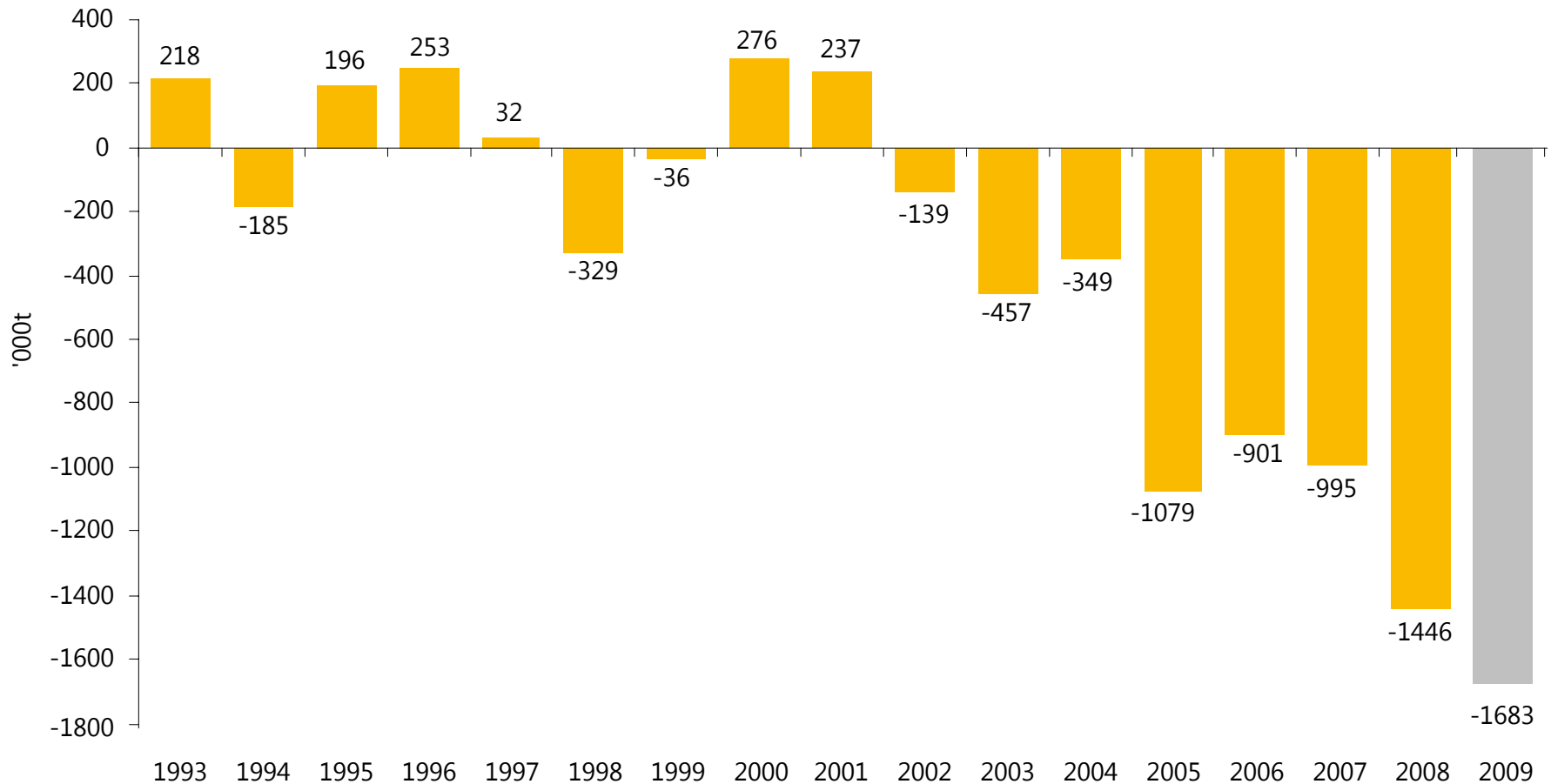
- (1) Monthly exchange rates used to approximate the exchange rate on the date of transaction.
 (2) Balance sheet translated at spot rate and income statement at average rate for the period.

COPPER

SHORT TERM THE MARKET REMAINS TIGHT

> Production continually lower than predicted.

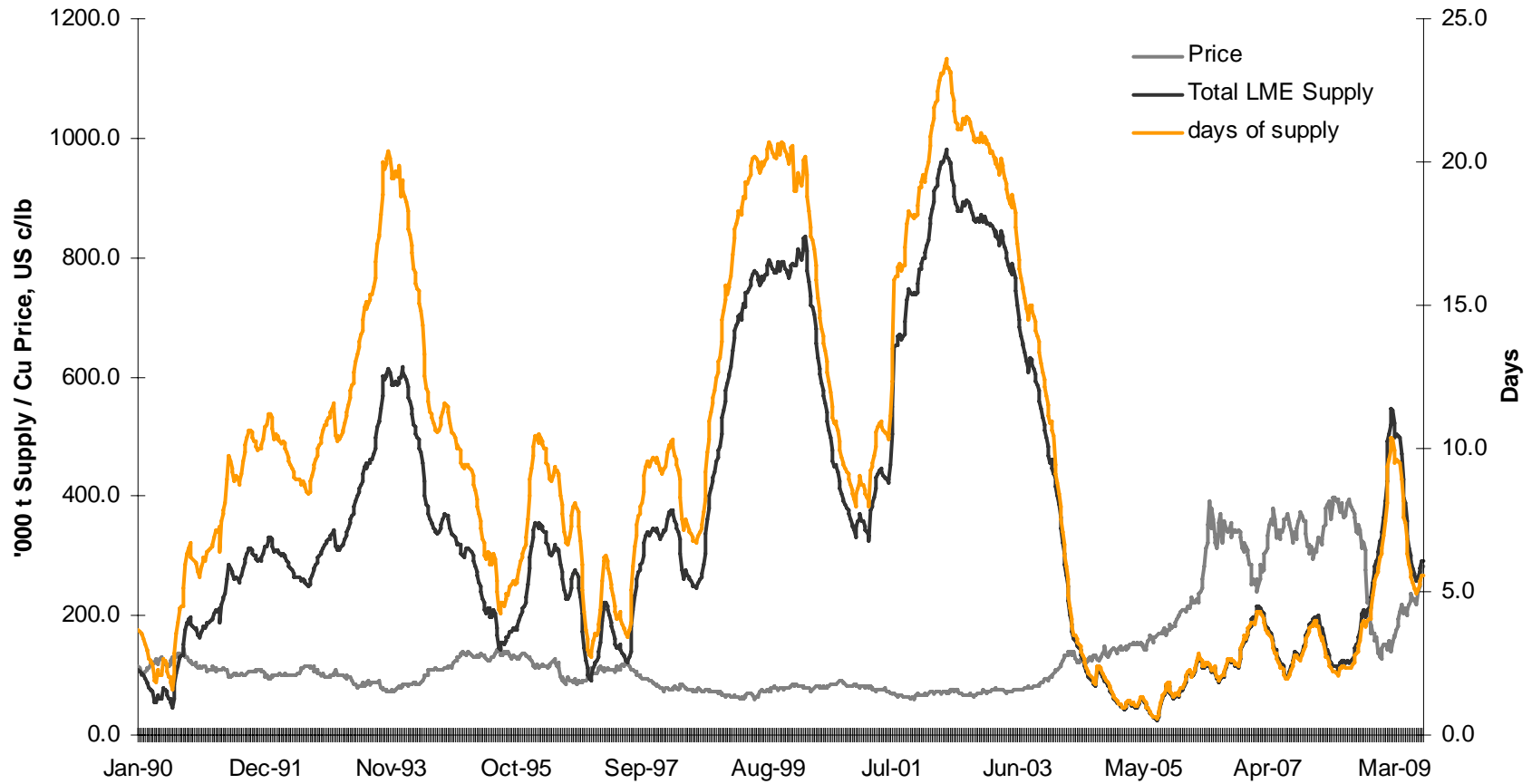
COPPER MINE PRODUCTION LOSSES FROM PLAN



Source: Brook Hunt, Macquarie Research, June 2009

COPPER INVENTORIES DAYS OF SUPPLY & PRICE

LME Inventories, Days of Supply and Copper Price



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